

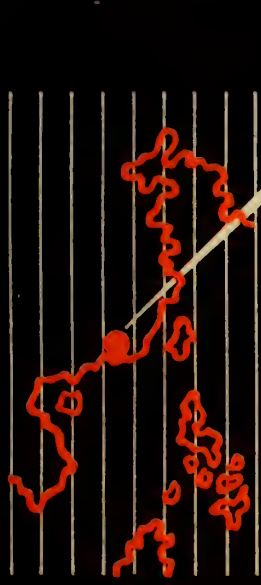
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A SUPPLEMENT TO

***International
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HONG KONG

A MARKET FOR U.S. PRODUCTS

A U.S. DEPARTMENT OF COMMERCE PUBLICATION

A SUPPLEMENT TO

***International
Commerce***

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A
Market
for
U.S. Products
in
HONG KONG

A U. S. DEPARTMENT OF COMMERCE PUBLICATION



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Credits

by Maurice Kogon
Bureau of International Commerce

Mr. Kogon is Hong Kong Desk Officer, Far Eastern Division, Bureau of International Commerce, under Saul Baran, Director.

Much of the information and analysis in this study is based on a recent survey made by Mr. Kogon in Hong Kong. He interviewed leading Chinese, British, and American businessmen engaged in commerce, industry, and finance. He also interviewed senior Hong Kong Government officials. His report draws on official and unofficial publications on Hong Kong and on reports prepared by the American Consulate General in Hong Kong.

Special credit is accorded Mrs. Emily Lloyd Stephens of the Far Eastern Division for her contributions in preparing the statistical data and in providing support throughout the drafting process; and Richard N. Kirby, Commercial Officer at the American Consulate General who arranged interviews and factory visits for Mr. Kogon and provided fresh insight into problems and prospects facing U.S. exporters to Hong Kong.

Grateful acknowledgment for cooperation and assistance in carrying out the project is due also Lynn H. Olson, Chief of the Economic Section; Harold C. Champeau, Commercial Officer; Henry Bardach, Economic Officer; and Walter Lenahan, Assistant Commercial Officer, American Consulate General, Hong Kong; Miss Jeannine Giffin, Maurice Birch, Miss Jean Donohoe, and Miss Jane Densmore, of the Far Eastern Division, Bureau of International Commerce.

Foreword

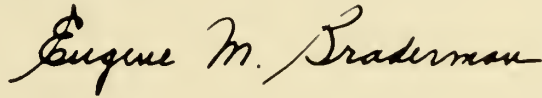
There is no better atmosphere for development and promotion of commercial activity than that found in a free-enterprise economy.

Add to this a wide range of modern and efficient commercial facilities and services; an abundance of capital and foreign exchange; a growing consumer prosperity; a flourishing, expanding, and diversifying industry; a prime location along the major trade routes of Asia; and a worldwide, well-deserved reputation as a trading and entrepot community.

This is Hong Kong—an excellent market for American goods. It is also an excellent market for the products of other nations.

We can and do compete favorably in many commodities in Hong Kong. We could be doing much better.

This book is designed to help you to reach the full measure of your sales potential in this challenging, dynamic market.

A handwritten signature in black ink, reading "Eugene M. Braderman". The signature is written in a cursive, flowing style with a large initial 'E'.

EUGENE M. BRADERMAN

Director, *Bureau of International Commerce.*

June 1964.



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A MARKET PROSPECTUS

Hong Kong is known the world over as a shopper's paradise. It is also an exporter's paradise. The range and diversity of products that are needed and presently are being bought and sold in the British colony by a profusion of importers, exporters, manufacturers, wholesalers, retailers, and local agents virtually defies the imagination. And yet, the sales potential of the colony both for existing as well as new products has not nearly been approached.

In 1962, approximately \$2 billion¹ worth of foodstuffs, consumer merchandise, raw and semiprocessed materials, fuels, and capital goods of all types and from all over the world were shipped into, through, or out of Hong Kong on the nearly 6,000 foreign and domestic oceangoing ships and 8,000 airplanes which serviced the colony in that year. In fact, Hong Kong in 1962 with imports of about \$1.2 billion, exports of \$580 million, and reexports of \$187 million ranked only behind Japan and India and alongside Malaysia among the major trading countries of Asia. In per capita terms, the colony has by far the largest volume of total exports and imports in Asia if not in the world.

Hong Kong is unique among the world's markets in that it presents virtually no artificial barriers to trade. As a free port, the colony has no protective duties or quantitative restrictions on imports; no difficulties are encountered in obtaining import licenses or foreign exchange; no cumbersome procedures or delays hinder the clearing of merchandise through customs; the Hong Kong dollar is stable and freely convertible; foreign exchange is readily available; and shipping, warehousing, insurance, and banking and credit facilities are excellent. Indeed, the concept of free trade and private enterprise is heartily supported and practiced by all segments of the business and official community and has probably been the single most important factor accounting for the phenomenal development of the colony's commerce and industry over the past decade.

The only significant obstacles to trade in Hong Kong are those which stem primarily from the supplier's own shortcomings. For example, ignorance of sales opportunities; unwillingness to adapt to local specifications; reluctance to extend credit, provide for advertising, or accept small orders; indifference to delivery terms and servicing needs;

inflexible pricing policies—these are among the self-inhibiting factors which very often determine whether a supplier makes or loses an export sale in Hong Kong.

However, the exceptionally conducive climate for doing business with or in Hong Kong is only half the story. Equally noteworthy is the fact that the colony's already substantial import requirements are increasing rapidly and becoming more varied. From 1958 to 1962, Hong Kong's total imports rose by \$360 million, or 45 percent. In 1962 alone, total imports increased by \$126 million, or 12 percent above that in 1961. This trend is expected to continue along with the growth of population and the expansion and diversification of industry.

The colony has limited agricultural resources and almost no raw materials. Consequently, nearly all foodstuffs for the local population and all raw materials for local industry must be imported. The population, excluding refugees from Communist China, is increasing at more than 3 percent a year. In addition, the annual tourist influx is generating ever-expanding demands for a wide variety of food products, soft goods, consumer durables, and luxury items.

Perhaps the most striking development portending continued import growth, however, has been the meteoric expansion of local industry, particularly of light industries engaged in the processing of imported materials into exportable products. Lacking indigenous sources of supply, Hong Kong must import much of the machinery and equipment involved in the production process as well as the fuel to run the machines and nearly all of its raw and semifinished products.

Hong Kong is experiencing an unabated building and construction boom brought on by a mushrooming demand for residential, tourist hotel, and factory premises. It also needs to undertake costly public works, such as land reclamation and the construction of large dams and reservoirs. Accordingly, the demand for imported building materials, ranging from basic construction machinery to plumbing fixtures and interior decorations, will probably intensify over the next few years.

In addition to the local market, Hong Kong has well-established access to markets throughout Asia and has traditionally maintained a sizable entrepot trade in the region. Many types of goods are shipped in bulk and stockpiled in Hong Kong for reexport

¹ The dollar figures in this report are U.S. dollars unless otherwise noted.

to the vast consumer and budding industrial markets of Asia. The entrepot facility afforded by Hong Kong's free port status and large storage capacity makes it feasible to deliver more quickly and at less cost than if the supplier were to ship directly to the final destination.

In short, Hong Kong is an area of uniquely favorable business climate, of convenient geographic location, of highly developed commercial facilities, of dynamic population and industrial growth, of correspondingly high import requirements, and of steadily expanding market opportunities.

As a market for American products, therefore, Hong Kong offers great promise. The colony is already the United States' sixth largest customer among the 20 free-world countries of South and East Asia, taking U.S. goods valued at \$139 million c.i.f. in 1962. Considering commercially financed imports only, i.e., excluding U.S.-aid-financed imports into other Asian countries,² the colony ranks behind Japan, India, and the Philippines in value of purchases from the United States.

² Hong Kong does not receive U.S. economic aid.

Despite the comparatively high aggregate level of sales to Hong Kong, however, the U.S. position in the market is considerably below what it could be with a more aggressive sales effort. At present, the United States accounts for only about 12 percent of the colony's total imports, running behind mainland China and Japan and alongside the United Kingdom. For failure to exploit fully the significant sales potential in Hong Kong, American suppliers are losing a very real chance of improving their share of the colony's market.

This study provides text, statistics, charts, and photographs showing what products are considered most salable in Hong Kong and what methods to employ in selling them most effectively. It discusses such factors as size and characteristics of the market, local conditions and developments affecting imports, the nature and extent of the competition, business practices and customs, distribution channels, specific commodity opportunities, and the various facilities and services available from the U.S. Department of Commerce and other U.S. agencies to assist American exporters.

In preparing this study, the opinions and ideas of a cross section of the Hong Kong business community were obtained. Special thanks are due the many

businessmen and officials who gave generously of their time. Those who were especially helpful are, according to their business specialization:

Distributors, Agents, Retailers, Manufacturers

John Bordwell. Muller & Phipps (China), Ltd.
Russell Bruno. Olin Mathieson Far East, Ltd.
A. Buddy Butt. Getz Bros. & Co., Inc.
Alvin Florea. Floline Trading Co., Ltd.
Robert Harper. Wallace Harper & Co., Fed. Inc., U.S.A.
Anker B. Henningson. Hong Kong Bottlers, Fed. Inc., U.S.A.
Rufus Hurley. Far East Oxygen & Acetylene Co.
William Jackson. Jackson & Jackson, Ltd.
Daniel Koo. The Shui Hing Co., Ltd.
Y. H. Kwong. The China Engineers, Ltd.
M. C. Lee. Da Chong Hong, Ltd.
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Gerald Milham. Shulman, Inc. (San Francisco).
Charles Silas. Nan Yang Cotton Mill, Ltd.
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Wilfred Wong. American Engineering Corp., Red. Inc., U.S.A.
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William Allman, vice president, American International Underwriters, Ltd.
D. R. Bland, business manager, Hong Kong & Kowloon Wharf & Godown Co., Ltd.
Edward Burrell, manager, Bank of America.
Q. W. Lee, director and manager, Hang Seng Bank, Ltd.
Henrique Noronha, assistant manager, First National City Bank.
Henry Sperry, vice president, First National City Bank.

Trade Associations

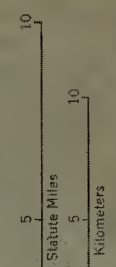
Hon. S. S. Gordon (chairman) and members of the General Committee of the Hong Kong General Chamber of Commerce.
Sir Sik-Nin Chau (chairman) and members of the General Committee of the Federation of Hong Kong Industries.
T. S. Wong (president) and members of the General Committee of the Chinese Manufacturer's Association.

Hong Kong Government

Jack E. Cater, deputy economic secretary, Colonial Secretariat.
David M. Sellers, assistant director, Commerce and Industry Department.
J. D. McGregor, Commerce and Industry Department.



HONG KONG AND THE NEW TERRITORIES



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114°00'

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22°15'

22°30'

22°15'

CHAPTER I

Characteristics of the Market

Hong Kong's market is as huge as all of Asia or as narrow as the local high-income group, depending on the type of product offered for sale. Overall, however, the market may be characterized as large, diversified, and expanding.

Total imports, valued at \$1,165 million in 1962, have increased 10 percent annually since 1958, including a 12-percent, or \$126-million, increase in 1962. During the same period, imports from the United States increased 16 percent a year, with a 9-percent, or \$11-million, increase to \$139 million in 1962. Thus, the United States has been able to keep pace with Hong Kong's overall increase in imports, maintaining a roughly constant 10- to 12-percent share of the colony's market since 1958.

Of total imports in 1962, \$978 million, or 84 percent, were retained in the colony for local consumption and \$187 million, or 16 percent, were reexported to world markets, principally Asian.

Both retained imports and reexports are increasing as shown in table 1.

The size of the colony's market clearly goes beyond its geographic borders and the extent of its local population, as evidenced by the magnitude of its annual trade. While geographic and demographic factors play some role in forecasting import demand, it is quite clear that the colony is importing far more than might normally be expected of an area comprising 400 square miles and 3½ million persons. For example, in 1962, retained imports, i.e., total imports less reexports, per capita amounted in Hong Kong to \$277 compared with \$87 in the United States and \$59 in Japan. These figures do not of course include the goods imported into Hong Kong for subsequent reexport, which for Hong Kong amounted to an additional \$54 per capita in 1962. The local market and the reexport market are somewhat dissimilar in character and are treated separately.



COMMERCIAL CENTER OF THE EAST: *Hong Kong has a convenient location and a harbor that easily accommodates oceangoing vessels.*

The sources of imports are determined to a large degree by proximity, price, speed of delivery, and traditional trade channels. From mainland China, which is the colony's principal supplier, came in 1962 a total of 18 percent by value of all imports and 36 percent by value of all food imports. China also supplies textile yarn and fabrics. Japan, the second largest supplier, provides 44 percent of Hong Kong's total import of textiles as well as large quantities of machinery, base metals, nonmetallic mineral manufacturers, and paper and paper manufactures. Imports from the United Kingdom consist mainly of machinery, transport equipment, textiles, and base metals. The principal imports from the United States are raw cotton, machinery, plastic molding compounds, tobacco, fruits and vegetables, and medicinals and pharmaceuticals.

Table 2 shows the trends in total imports and imports from principal suppliers from 1959-62 and first 6 months of 1963.

Although local supplies of agricultural produce and fish are substantial, most of the colony's foodstuffs have to be imported. Thus, food is a major import category, accounting for nearly 26 percent of all imports in 1962. See table 3. The chief items

of edible imports include live animals, because the Chinese prefer meat that is freshly slaughtered rather than frozen; dairy products; fish and fish preparations; rice, fruits, and vegetables, most of which are for immediate local consumption; sugar, tea and coffee, and fats. About \$49.9 million worth of imported foodstuffs were subsequently reexported in 1962.

Imports of other consumer goods, representing 23 percent of total imports in 1962, include textile made-up articles, passenger cars, diamonds, and consumer durables such as radios and tape recorders, watches, tobacco, alcoholic beverages, and medicinals and pharmaceuticals. Roughly \$63.4 million worth of imported consumer goods other than food were reexported in 1962.

Raw materials and semimanufactured goods for use in the colony's industries comprise the largest share of total imports—40 percent in 1962. Hong Kong's textile and garment industries absorbed no less than 35 percent of all imports of raw materials in 1962, including raw cotton, cotton yarn and fabrics, and worsteds and other cloths. Additional items of importance in this category include plastic molding compounds, base metals, dyeing and finish-

ing materials, and animal and vegetable crude materials. The value of reexports of raw materials, at \$64.9 million in 1962, is larger than that of consumer goods, foodstuffs, or capital goods.

Mineral fuels are essential for a territory which is both an industrial center and the major refueling port between Singapore and Japan. Imports of mineral fuels accounted for 4 percent of total imports in 1962. Over a quarter of these fuels were used to supply visiting oceangoing vessels and aircraft. Nearly all the fuel was consumed locally.

Imports of capital goods, such as machinery, transport and communications equipment, and scientific instruments and apparatus, amounted to 7 percent of total imports in 1962. Nearly \$8 million worth were reexported.

SCOPE OF THE LOCAL MARKET

Virtually all primary agricultural and industrial products, capital goods, and a substantial portion of semiprocessed goods are imported in nearly direct proportion to demands of consumers and manufacturers. The correlation between imports and the trends in personal consumption and in manufacturing, while common to several countries, is particularly marked in Hong Kong because the colony has as yet little capability of supplying its own needs. Having no significant natural resources and few import-substituting industries, Hong Kong industry must rely on imported raw materials and components, which are then processed for export.

Consequently, any assessment of Hong Kong's local consumer goods market, on the one hand, and its industrial market, on the other, must take into account trends in population and income levels as well as conditions and prospects in industry. Other basic factors, such as geography, natural resources, climate, topography, and economic developments, which affect both the consumer and industrial markets, are discussed separately in chapter II.

The consumer goods market refers here to the demand for food products, apparel, home furnishings and appliances, tobacco and alcoholic beverages, and general merchandise normally purchased from retail establishments by individuals for their own personal or household consumption. Such consumer merchandise represents the largest part of the colony's retained imports, accounting for \$449 million, or 46 percent, of the total in 1962.

Per capita import of retained consumer goods was \$128 in 1962 compared with \$108 in 1959. No figures are available on expenditures in retail or wholesale stores for consumer goods and personal services. The major food and consumer items imported and retained in the colony, 1959-62, are reported in table 4.

Total population, which was 3.5 million in 1962, is increasing by 3 percent a year. In 1962, however, the increase was 9 percent, or 300,000, owing to an unusually large influx of refugees from Communist China. The total number of refugees successfully assimilated into the social and economic life of the colony since 1949 exceeds 1 million persons. If present rates of natural increase and immigration continue, the population may well exceed 4 million by 1966. Assuming for 1966 that per capita import of food and consumer goods equals that of 1962, or \$128, and that the population is 4 million, retained imports of food and consumer merchandise may total \$512 million, or an increase of nearly \$64 million over that in 1962.

The principal customers for food and consumer merchandise in Hong Kong, then, are the 3.5 million



persons—1.8 million males and 1.7 million females—who populate the colony as well as the one-half million or more foreign tourists and servicemen who visit each year primarily to shop.

Nearly one-third, or 1.1 million persons, live on the island of Hong Kong in 29 square miles; 750,000 in Kowloon proper in 4 square miles; 860,000 in New Kowloon in 9 square miles; 460,000 in the New Territories in 365½ square miles; and 140,000 on boats. In all, over 2½ million persons live in 36 square miles of urban area and most of them occupy the 10 square miles of built-up city on both shores of the harbor. Even though identifiable pockets of population exist, the colony as a whole is so compact that it may be regarded as one consumer marketing center.

More than 98 percent of Hong Kong's population is Chinese on the basis of language and place of origin. Most are descendants of persons who came from Kwangtung Province whence the greater part of the refugee and immigrant population also hail. Other elements in the urban population include a Fukien Province community, an overseas Chinese group, and about 50,000 non-Chinese.

Cantonese is the lingua franca of the colony and is spoken by at least 95 percent of the population. Other languages of Kwangtung Province—Hoklo, Sze Yap, and Hakka—are spoken by 16 percent of the population. Those who have come to the colony from other parts of China speak the language of their districts, the commonest being dialects of Amoy, Shanghai, and Hunan, but their children usually speak Cantonese. Although English is designated the official language, only 10 percent of the population can speak it, and only 2 percent communicate in English normally. Most businessmen speak English in some degree.

Hong Kong compares well with most other Asian countries on literacy.

The combination of high literacy and widespread use of Cantonese in Hong Kong condition the nature of effective advertising. Certainly, any effort to influence public opinion should employ Cantonese in whole or in part. Of all media, newspapers are the most direct means of reaching the mass consumer. See also chapter 4.

Youth and dependency are marked features of Hong Kong's population. Out of a total of all ages, 1.3 million, or 41 percent, are under 15 years of age. See table 5. Half a million, or 16 percent, are under



BARGAIN DAY: In a typical under-the-sky supermarket.

5 years of age. Young persons will continue to represent an important element of the consuming public, and cultivation of their interests and tastes could influence future sales.

The principal consumer spending unit in Hong Kong, other than the individual himself, is the family or household. Each household generally averages five members and includes the head of the family, members of the immediate family, relatives, and whatever other persons living under the same roof share the common household food. There were 690,000 households in the colony in 1961. The number of married couples alone is estimated at 600,000, and most of them are located on the island and in Kowloon and New Kowloon.

An increasing proportion of households that own their own homes suggests a trend toward buying instead of renting a house or flat. In the New Territories, with its large farm population, 60 percent of householders are owners and 95 percent of the boat people own the boats on which they and their families have settled. Even in the densely populated areas, the proportion of homeowners is fairly high—13 percent on the island, 12 percent in Kowloon and 18 percent in New Kowloon. In the colony as a whole, nearly 155,000 of the 690,000 households own their own homes.

A rough breakdown of persons by type of housing accommodation appears in table 6. The data suggest that a rather large element of the population subsists at minimum purchasing levels.

Over one-third of the population lives in homes or "spaces" and pays little or no rent. Of these, about 510,000 persons are housed in multiunit resettlement projects at \$2.50 a month rent for a standard 120 square foot cubicle housing 5 persons each; 500,000 are squatters living in wooden huts and shacks and pay no rent; and about 250,000 persons are packed in cocklofts, roofs, basements, and squatter boats and pay negligible, if any, rent.

Another third of the population, all located in the urban areas, resides in tenements, small flats, low-cost housing units renting at \$6.50 to \$30 a month, large flats, and houses of varying but extremely high rents.

The better homes are constructed of stone, brick, or concrete. Wood, thatch, sheet iron, and asbestos are common among rural homes and in squatter villages. Excluding the boat people, nearly 2.5 million persons occupy homes of permanent construction and about 700,000 live in nonpermanent dwellings.



LOW-RENT HOUSING: Includes gardens and recreation areas.



HOME IN THE HONG KONG HARBOR: *Almost all of the boat people in the metropolitan area of the crown colony own their own homes.*

The economically active segment of the population, based on the 1961 census, is estimated at 1.3 million persons, of whom nearly all are gainfully employed. Out of 950,000 males aged 15 and over, 860,000 are in the labor force, or a male labor participation rate of 91 percent. Of the 915,000 females over 15 years of age, 341,000 are in the labor force. The number of children under 15 who are working is small—about 25,000. Thus, workers form nearly 40 percent, or 1.2 million, of the total population. In-workers—those who work at their employers' place of business and cannot take their work away to complete—number 790,000 permanently employed and 38,000 casually or seasonally employed persons. Other categories include 124,000 self-employed; 53,000 unpaid family workers; 11,200 apprentices, trainees, and learners; 11,000 out-workers; and 9,300 workers employed on commission.

There are 57,400 employers. Unemployment is negligible, around 16,000 persons.

Nearly 51 percent of all workers are engaged in manufacturing, construction, mining, quarrying, and utilities. Of these, manufacturing, with 476,000 persons, or 40 percent of the working population, is the largest single employer. Commerce employs 11 percent; agriculture, 7 percent; transportation and communications, 7 percent; and services, 22 percent.

The number of persons directly employed in industries registered with or recorded by the Hong Kong Labour Department rose to a record 297,897 in 1962. See table 7.

For lack of comprehensive data on wages, personal income estimates cannot be made except for those

persons who are engaged in registered industries and in Government.

Wages in manufacturing are usually calculated on hourly, daily, or monthly bases or on piece rates. Daily-rated or piece workers are customarily paid at weekly or half-monthly intervals. Most semi-skilled and unskilled workers in manufacturing industries are paid daily rates. Average wages range from 50 cents to \$1.40 a day for unskilled, and \$1.20 to \$1.75 a day for semiskilled workers. Skilled labor on daily rates averages \$1.40 to \$3.70 a day. Production process operatives work at piece rates and average \$1.05 to \$2.50 a day, especially those in the major industries—cotton spinning and weaving, garments, rubber shoe, and knitting.

Monthly paid workers include all Government civil servants, most employees of commercial establishments, considerable numbers of skilled workers in public utilities, and the higher salaried supervisory and technical personnel in industry. Sixty-five percent of all workers are paid monthly.

The effect of a lower level of wages on consumer spending is that a high percentage of earnings are absorbed by essential purchases—food, rent, clothing, fuel, light, and cleaning. In Hong Kong, the average household income is spent approximately as follows, by percent: food and drink, 51; rent, 9; clothing, 7; and fuel, light, and cleaning, 7.5—a total of nearly 75 percent on necessities. Expenditures and other goods and services include, by percent: tobacco and cigarettes, 3; doctors and medicines, 2.5; household equipment, 1.75; newspapers and stationery, 1.50. The remainder of the expenditure goes toward education, transportation, haircuts, and shoe repairs.

While wages are quite low in comparison with those in the United States, take-home pay in Hong Kong actually comprises a much higher proportion of shopping income than is the case in the United States. This is so because many workers receive substantial fringe benefits in addition to take-home pay; for example, free accommodations, subsidized meals, food allowances, holiday bonuses, good attendance bonuses, and paid rest days. The aggregate value of fringe benefits may be as much as or more than base pay.

For lack of reliable national income data for Hong Kong, there is no way of accurately gaging the colony's consumer purchasing power. A rough estimate of national income can be made on the basis of Government revenues, which are believed to represent somewhere between 12 and 15 percent of national income. This method of computation would give the colony a national income of \$1.5 billion in 1962 and an average per capita income of \$400 a year or one of the highest in Asia.

Perhaps only 5 to 6 percent of the population are really prosperous, including those of enormous wealth, while most persons probably live at or just above subsistence levels. The number of low- and middle-income consumers appears to be rising, however, along with increases in wages and noticeable improvements in living standards.

Tourists as consumers.—A secondary but increasingly important group of consumers in Hong Kong are the foreign tourists who come to the colony primarily to shop. Approximately 253,000 international tourists plus 114,000 U.S. servicemen visited

Hong Kong in 1962 and spent \$114 million on goods, services, and accommodations. In 1958, about 103,000 tourists and 100,000 U.S. servicemen had spent \$67 million.

The typical civilian visitor spends considerably more money per day in Hong Kong than he does anywhere else in Asia, averaging \$120. Almost 70 percent of civilian tourist expenditures—about \$78.8 million in 1962—go toward purchases of consumer items to take home, the remainder being spent on accommodations, food, sightseeing, and entertainment.

Americans represent the largest group of visitors to Hong Kong. In 1962, there were 91,000 visitors from the United States, or 36 percent of total, compared with 35,000 from the United Kingdom, 23,000 from Japan, 22,000 from the Philippines, 13,000 from Australia, and 69,000 from all other countries.

The average length of stay of tourists in Hong Kong is estimated at 21 days for British; 12 days for Asians; 6 days for Americans and Australians; and 4 days for Europeans and Japanese.

The average American tourist family spends \$800 while in Hong Kong. Australian and New Zealand families spend \$300 to \$330.

A total of 490,000 tourists and \$270 million annual expenditure by 1968, exclusive of expenditures by either U.S. servicemen or oversea Chinese, has been projected.¹ This projection allows for 179,000 visitors other than Americans when computed at a 10-percent cumulative annual increase plus 310,000 American visitors. Average expenditures by these

¹ U.S. Department of Commerce, *The Future of Tourism in the Pacific and the Far East*, June 1961, Washington, D.C.

A DOLL FACTORY: Hong Kong's growing plasticware industry produces dolls and many other articles from U.S. molding compounds.



tourists, according to this projection, are: for shopping, \$500 for Americans and \$200 for all other nationalities; for accommodations, food, sightseeing, and entertainment over a 5-day period, \$165 for all nationalities. At least 65 percent of the tourist market in 1968 will be composed of American visitors, compared with 36 percent in 1962. The British component in the market is expected to grow substantially from its 14 percent in 1962.

While it is true that much of the tourist shopping may be confined to locally made consumer products which are either not available or more expensive in the home countries, it is also a common occurrence for an American or other tourist to purchase items made in the United States. The reason is that an American product usually sells for less in Hong Kong than in the United States despite freight costs added on because the colony has no import duties or commodity taxes and less overhead expense.

Consumers in Hong Kong are susceptible to sales presentations that stress eye appeal, styling, status, beautification, utility, and economy. For those who can afford it and even for those who sacrifice in order to acquire it, foreign brand consumer merchandise is highly prized, especially if it is an American brand. In fact, brand consciousness is evidenced among all walks of life—from the well-known American ballpoint pen in the shirt pocket of a laborer who has little occasion to write, to the housewife buying only California oranges from unlikely back-alley stalls, and to the girls wearing American swimsuits at the beach.

A century of British influence and the more recent presence of American and European tourists and servicemen have served to enhance the desirability of owning and using Western products although retaining many of the enviable and irreplaceable attributes of Chinese living; e.g., Chinese cuisine and the Cheongsam, or Chinese dress.

Thus, an effective sales approach, as far as consumer goods are concerned, should be designed to appeal to a blend of Western and Oriental taste.

American products bearing labels in Chinese characters should clearly convey the fact that the product is made in the United States. Otherwise, the product may be confused with a local manufacture and sell at a reduced price. In many cases, labels in Chinese can and should be added in Hong Kong. For more details on advertising and labeling, see chapter 4.

In general, except in the few cases where Chinese customs, beliefs, and predilections dictate otherwise,

a sales presentation geared for the U.S. market is suitable for Hong Kong. Among the more significant local sensitivities, color is particularly important. Red, gold, and certain shades of green are usually well received. Certain shades of blue are connected with funeral ceremonies and should be avoided. In principle, any connotation of unhappiness or misfortune should be avoided. For example, package labels depicting persons with physical deformities, e.g., a picture of a man with one eye missing, are not well received.

In order to protect against the possibility of offending Hong Kong customers, the supplier should seek the advice of his local representative wherever possible and treat sympathetically suggestions on color, design, packaging, and labeling.

The following items appear to have immediate and longrun growth potential, based on steadily increasing overall import levels since 1959.

FOOD PRODUCTS: wheat spelt flour, soybean oil, lard, dry whole and skimmed milk, apples, oranges and tangerines, grapes, canned fruits and vegetables, fruit juices, sugar confectionery, canned crustacea and mollusks, and food waste and prepared animal feed.

OTHERS: air conditioners, domestic electric refrigerators, ballpoint and fountain pens, sporting ammunition, exposed movie films, polished unset diamonds, pharmaceutical products, toilet preparations, toilet paper and paper towels, vitamins, synthetic powdered detergents, leather footwear, cotton shirts other than knit, shirts other than cotton but knit, and shirts other than cotton but not knit.

Table 8 shows the relationship between total imports and imports from the United States of consumer goods from 1959 to 1962 according to the share of the market held by the United States in 1962. The gradations of 25 percent in the table express a rough correlation between the demand for total imports and demand for imports from the United States. For example, any increase in overall demand for an item of which the United States supplies more than 75 percent will very likely be satisfied by the United States rather than the foreign product. But, when the United States has less than 25 percent of the market, American suppliers will have to compete far more vigorously than now to benefit from an increase in overall demand for that product. In addition, the higher the share held by the United States, the greater the competition among U.S. sup-



SHIP IN HARBOR: Freighters and passenger liners from all over the world call at Hong Kong, commercial center of the Far East.

pliers rather than between U.S. and foreign suppliers. See also chapter 3.

Another important consumer goods group, which includes some of the largest U.S. exports to Hong Kong, is the one that has had a rather static demand since 1959. Value of these imports has tended to rise or fall very moderately. It is conceivable that some of these items are approaching a saturation point. However, because of the large total value of present imports of these products and the relatively high preference for the American variety, as indicated in the market share data in table 9, longrun prospects for increased U.S. sales are favorable.

Nearly all the U.S. food and consumer goods in the Hong Kong market have increased in annual sales.

A final and substantial category of consumer products imported into Hong Kong is the one in which U.S. suppliers have no record of sales. In some cases, the United States either does not produce or does not normally export the item. In other cases, however, the probable American suppliers may be ignorant of opportunities, lack initiative, or be unable to compete. Those products whose individual import value exceeds \$2 million per year and which the United States is not presently selling in Hong Kong are:

	Imports, total (U.S.\$ millions)	Principal suppliers
Bovine cattle.....	11.8	Thailand, Cambodia.
Swine.....	28.8	Mainland China, Cam- hodia, Thailand.

	Imports, total (U.S.\$ millions)	Principal suppliers
Eggs in shell, fresh	13.9	Mainland China, Japan.
Fresh water fish, fresh, chilled, or frozen.	4.4	Mainland China.
Prawns, and shrimps, fresh, chilled, or frozen.	3.1	Macao, China.
Rice, white, 100 percent..	42.5	Mainland China, Thai- land.
Rice, white, broken.....	11.5	Thailand.
Peanuts, shelled.....	2.2	Rhodesia-Nyasaland.
Mushrooms, dehydrated or evaporated.	3.1	Japan.
Vegetables, dehydrated or evaporated, n.e.s.	2.1	Mainland China.
Sugar, not refined.....	2.7	Australia.
Sugar, refined.....	14.3	Mainland China, Poland, Taiwan.
China tea.....	3.4	Mainland China, Taiwan.
Cotton table damasks and manufactures, em- broidered.	5.9	Mainland China.
Table damasks and manu- factures, not cotton, embroidered.	2.8	Do.

N.c.s.=Not elsewhere specified.

Another group of consumer products imported into Hong Kong but not from the United States are included among those whose individual import value ranges from \$100,000 to \$2 million per year. See appendix A.

The industrial goods market in this report refers largely to the demand for raw and semifinished



IN KOWLOON many of the clothes are tailored from U.S. fabrics.

materials; components; machinery, equipment, and parts; fuels and other operating supplies; and related products purchased by manufacturers and other businessmen for use in their own establishments or for the production of other goods. Such products are more broadly referred to as industrial products or raw materials and capital goods. They accounted for 46 percent of Hong Kong's total retained imports in 1962, as follows, in percent: raw materials, 35; fuels, 4; and capital goods, 7.

The industrial products category is the fastest growing of all categories of imports. In this category, retained imports increased from \$369 million in 1959 to \$529 million in 1962, or 43 percent. See table 10. If the present rate of increase continues, retained imports of industrial products may exceed \$850 million by 1966, or an increase of over \$325 million over 1962.

Consumers of industrial products in Hong Kong consist mostly of business firms in manufacturing, construction, transportation and communications, utilities, and the wholesale and retail trade to the extent that it buys for resale to industry. To a lesser degree, farms, fisheries, mines, the Government, and service institutions, such as schools and hospitals, also purchase industrial products. Manufacturing

industries, however, constitute by far the most significant single group of industrial consumers.

In general, there are four broad groups of industries whose growth patterns have had and will continue to have considerable impact on industrial imports. Most of these industries are responsive to external demand factors although the initial development impetus may have come from and is still in some measure influenced by local factors.

First are the industries which form and service the infrastructure of the economy—shipbuilding and ship repairing; aircraft maintenance and repairs for internal marine and land transport; and public utilities, particularly electricity and gas. The growth of these industries gave rise to the local construction of diesel engines and the manufacture of rope and nets, nails, screws, hinges, and wire. These industries have spurred import demands for communications equipment and all types of marine, air, and land transport vehicles, and accessories and parts, of all of which the United States is a principal supplier. See also chapter II.

Second, the fantastic construction boom in the colony, increasing each year in tempo, gave rise to the expansion of the cement and allied industries; the rolling of steel bars; production of drilling machines, water pumps, plumbing fixtures, fittings and tubes; and the manufacture of glass, chemicals (chiefly paints), furniture, metal products, electrical apparatus and appliances, and, indirectly, of machinery. Growth of these industries stimulated the demand for imported construction machinery, e.g., piledriving machines and concrete mixers and vibrators; building materials, e.g., tiles, steel bars, water pipes, hardware, timber; nonmetallic minerals, e.g., limestone, coal, gypsum; paints and their ingredients; and metals, e.g., scrap, iron and steel, tin, zinc, aluminum and metal alloys.

Third, the local and worldwide demand for clothing and food gave impetus to the development of the textile, rubber and leather footwear, and food and beverage industries. Food and beverage consumption, in turn, spurred growth of the ice and cold-storage industry. This group of industries now accounts for the largest segment of imports, including all kinds of textile fibers and fabrics, rubber, canvas, carbon black, animal hides, leather, black plate and tinplate for cans, sugar, sirups, leaf tobacco, textile and canning and sugar refining machinery, and refrigeration equipment.

Fourth, the increase in local and foreign demand resulting from various secondary and tertiary wants, such as education, entertainment, and adornment,

stimulated the development of the plastics industry and the manufacture of plastic flowers, toys, and dolls, toothbrushes, artificial jewelry, fountain pens, cameras, and cosmetics. In addition, the printing, publishing, and film industries were also stimulated by this demand. This group also includes industries which developed in response to tourism—hotels, restaurants, places of entertainment, and handicrafts. Import demands generated by these industries include plastic molding compounds, diamonds and other gems, film, paper pulp and newsprint paper, laundry and drycleaning equipment, and Western foods.

There are believed to be upwards of 12,000 industrial establishments in the whole colony, located principally in Kowloon. Of these, 7,305 industrial enterprises, generally employing 15 or more workers, were registered or recorded with the Hong Kong Labour Department in 1962. In addition, there may be up to 4,000 very small undertakings catering to the domestic market or doing subcontract work for export industries. This latter group uses no power-driven machinery.

Most of the 12,000 or more industrial enterprises are small family firms. There are only 530 businesses employing over 100 workers, compared with 1,680 firms employing between 20 and 100 workers and 9,800 firms employing fewer than 20 workers. The few big industrial firms account for a disproportionately large share of exports and imports.

The number of industrial enterprises utilizing imported raw materials and capital goods has grown phenomenally in recent years, and prospects for a continuation of the growth are excellent. In 1953, there were only 2,100 registered factories in the colony. By the end of 1962, the number of registered and recorded industrial enterprises rose to 7,305, of which 6,953 alone were in manufacturing. Since 1959, nearly 2,300 new plants have come into being, of which 945 were established in 1962. The number of industrial workers increased from 217,400 in 1959 to 297,900 in 1962. Contributing significantly to this steady increase, aside from prosperous business conditions and increased local and foreign demand, was the ease with which industries can be launched in Hong Kong's control-free economy. By the end of 1966, if the present rate of increase continues, there may be from 10,500 to 11,000 registered and recorded industrial firms in Hong Kong. Most of them may be processing imported raw materials for export and using imported machinery.

One of the characteristics of Hong Kong's economy is the extremely high ratio of value of imported

industrial materials to finished export products. For example, retained industrial imports amounted in 1959-62 to 92 percent by value of the colony's locally produced exports while retained imports of raw materials alone constituted 72 percent by value of domestic exports. Using this correlation as a basis for projection, every \$1 million increase in the colony's domestic exports tends to generate a \$900,000 increase in imports of all industrial products, including a \$700,000 increase in imports of raw materials. Hong Kong Government officials project an increase in value of exports of 10 percent a year over the next few years. From 1959 to 1962, Hong Kong's locally produced exports actually increased on an average of 13.5 percent a year, from \$399 million to \$581 million. Taking the Government's estimate as conservative, Hong Kong's total domestic exports should reach at least \$850 million by 1966 when retained imports of all industrial products and of raw materials alone should approximate \$780 million and \$610 million, respectively, by 1966, compared with \$529 million and \$408 million in 1962.



SKILLED WORKERS in an electronics factory assemble parts.

The greatest overall increases in demand for imported raw materials and capital goods will come, therefore, from those industries that are increasing in number and/or are enjoying rising export sales. Table 11 shows the pattern of new industrial establishments and of exports for the colony's principal import-consuming industries.

The fastest developing industries, both in terms of the number of new factories and the value of increased exports, appear to be those producing electrical appliances and accessories, metal manufactures, transport vehicles and parts, nonelectric machinery, wood and cork manufactures, paper and paper products, footwear and clothing, tobacco manufactures, and miscellaneous manufactures. Thus, the industrial products most likely to enjoy rising import demand should include at least iron, steel, aluminum, and other base metals, electrical materials, electronic components, plastic molding compounds, paper pulp, textile fabrics, and leaf tobacco, together with the machinery involved in the production processes.

Industrial purchasing is done by the Hong Kong manufacturer either direct from the foreign manufacturer or his sales branch in the colony or through industrial importers and wholesalers who import on their own account. Agents, brokers, and other middlemen play a relatively minor role in the sale of industrial products. See also chapter 4.

Some of the more important characteristics of industrial buying by the Hong Kong manufacturer are:

1. Cost, efficiency of operation, and quality of the imported raw material or machine are the main considerations. However, efficiency and quality are usually subordinated to cost if high volume sales are essential. Style, eye appeal, or personal satisfaction are not decisive.

2. Suitability to the needs and preferences of the foreign and domestic customers determine the purchase of components if the final product is sold on a made-to-order or made-to-taste basis because many customers, particularly American, will insist on the use of specified raw materials.

3. Catalogs, price lists, and other descriptive literature are relied on in buying standardized products, but demonstrations and on-the-spot sales approaches are often decisive in the sale of sophisticated or unique products.

4. Purchases are usually made or decided by the owner himself, owing to the prevalence of individual or family ownership of business firms. However, the larger the enterprise the greater the delegation of

purchasing responsibility to engineers, production managers, sales executives, or purchasing departments.

5. In many industries, time and laborsaving devices are not yet regarded as important or vital because manual labor is readily available and relatively inexpensive. However, with increasing labor costs, semiautomated and in some cases fully automated production lines may become profitable. Small, manually operated machines used for assembling, sorting, and packaging already enjoy a marked demand.

6. Installation and maintenance of equipment and machinery are essential to the initial sale of most equipment and machinery.

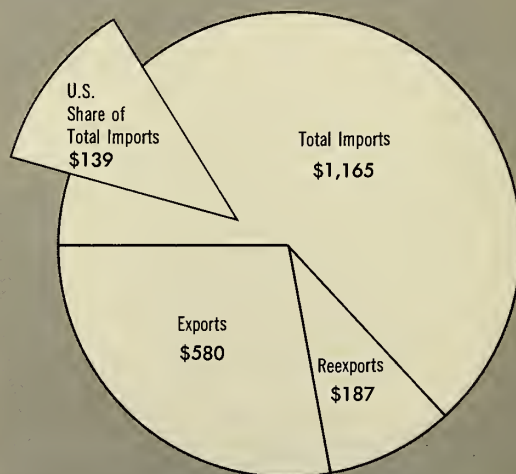
Individual commodities whose demands has increased from 1959 to 1962 and in which the United States has some share of the market include:

RAW MATERIALS: cotton, wool, rayon, nylon, and Dacron fabrics, both continuous filament and spun; knitted fabrics; plastic molding compounds and artificial resins; synthetic rubber; organic compounds; insecticides; tobacco leaf; cigarette paper; lubricating oil; paperboard; sanitary and plumbing fixtures; and iron and steel sheet.

CAPITAL GOODS: earthmoving and earth-leveling machinery; excavating machinery; textile machinery; air-conditioning and refrigeration equipment; miscellaneous machine parts; and miscellaneous metal manufactures.

Table 12 shows the relationship between total imports and imports from the United States of raw

FOREIGN TRADE OF HONG KONG, 1962
(In Millions of U. S. Dollars)

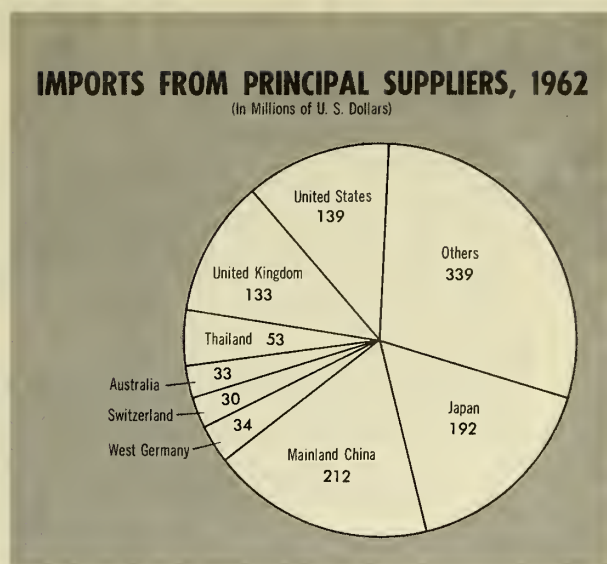


materials and capital goods since 1959 according to the share of the market held by the United States in 1962 in gradations of 25 percent.

Another major category of industrial imports includes those which have had static or declining import patterns since 1959. Among these, raw cotton, which is tied to the fortunes of textile exports, is the colony's largest single import. See table 13.

A final category of industrial imports consists of those products in which the United States has no record of sales. Those whose import value exceeds \$2 million annually are:

<i>Raw materials and semimanufactures:</i>	<i>Imports, total (U.S.\$ millions)</i>	<i>Principal supplier</i>
Rubber smoked sheets.	2.0	Sarawak, North Borneo Malaya.
Charcoal.	2.0	Malaya.
Light hardwood in the round.	6.5	North Borneo, Sarawak.
Teakwood squares.	2.0	Burma, Thailand.
Wool tops.	10.1	Australia, Japan, Uruguay, South Africa.
Rattan canes.	2.0	Indonesia, Malaya.
Coal.	2.8	Mainland China, North Vietnam.
Gasoline.	2.2	Malaya, Persian Gulf Sheikdoms
Kerosene.	4.4	Malaya, Iran, Persian Gulf Sheikdoms, Saudi Arabia, Indonesia.
Aviation turbine fuel. . .	2.9	Malaya, Iran, Persian Gulf Sheikdoms, Saudi Arabia.
Diesel oil.	6.1	Malaya, Iran, Indonesia, Saudi Arabia.
Peanut oil.	5.2	South Africa, India, Thailand.
Wool yarn.	7.6	Japan, United Kingdom, Taiwan.
Cotton sheeting, gray. .	8.0	Mainland China.
Cotton shirting, gray, n.e.s.	4.2	Mainland China, Japan.
Iron/steel bars.	13.1	Japan, Mainland China, Australia, Taiwan, United Kingdom.
Iron/steel joists, girders, angles.	2.7	United Kingdom, Japan, Belgium.
Cement.	9.1	Mainland China, Japan, Taiwan, North Vietnam.
Brass sheets, strip.	2.3	United Kingdom, Japan.
Cable, electric power, paper insulated.	2.0	United Kingdom.
<i>Capital goods:</i>		
Passenger motorcars over 1,000 to 1,600 cubic centimeters.	3.2	United Kingdom, Italy, West Germany.
Passenger motorcars over 1,600 to 2,200 cubic centimeters.	2.5	West Germany, United Kingdom.
n.e.s. = Not elsewhere specified.		



Another group of industrial imports of which the United States has no share of sales and of which the individual import value ranges from \$100,000 to \$2 million per year is reported in appendix A.

SCOPE OF ENTREPOT TRADE

The entrepot trade has traditionally been a source of Hong Kong's income since the time of the colony's founding. Convenient geographical location and historic trade ties with the region coupled with modern shipping and insurance services, expert buying, cheap and plentiful finance, excellent storage facilities, willingness to break bulk, and, above all, a free port with maximum freedom from vexatious trade regulations and absence of commodity or import taxes, make Hong Kong an ideal base from which to service the whole regional market.

The size and growth potential of the entrepot market tends to fluctuate periodically in response to prevailing supply shortages or surpluses, price variations, imposition or removal of import controls, and changes in political and economic conditions. Nevertheless, it is possible to indicate the salient trends in the direction and composition of the entrepot trade. These trends have a strong bearing on market opportunity patterns.

The overall size of the entrepot trade may be indicated by the value of reexports. In 1962, reexports totaled \$187 million, or an 8-percent increase over the \$173 million of 1961. But, reexports in

1958 and 1960 were valued at \$303 million and \$188 million, respectively.

Asian countries in the region constitute Hong Kong's principal reexport markets; see table 14. At one time, most of the entrepot trade was oriented toward mainland China. In recent years, however, although the mainland still accounts for a considerable volume of entrepot trade, other countries in the region have become far more important. Thus, while reexports to mainland China amounted to \$14 million in 1962, it was the third largest purchaser of reexports in that year.

As with the value and direction of the entrepot trade, the commodities involved are also subject to change from year to year. See table 15. There are, however, certain categories of goods which are particularly conducive to a storage and reexport trade. These include large volume, highly competitive raw materials and consumer goods; standardized and not bulky tools, instruments, apparatus, and small machines; and, to a lesser extent, bulky and specific semifinished products; and machinery and transport equipment. The chief commodities entering the reexport trade in recent years are textiles; diamonds and other gems; textile fibers; plants and flowers; other animal and vegetable crude materials; fruits and vegetables; tobacco and cigarettes; oilseeds and nuts; fats and oils; medicinal and pharmaceutical products; dyestuffs; organic compounds and other chemicals; insecticides; power generating ma-

chinery; air conditioners; transistor radios; tractors; and motor vehicles.

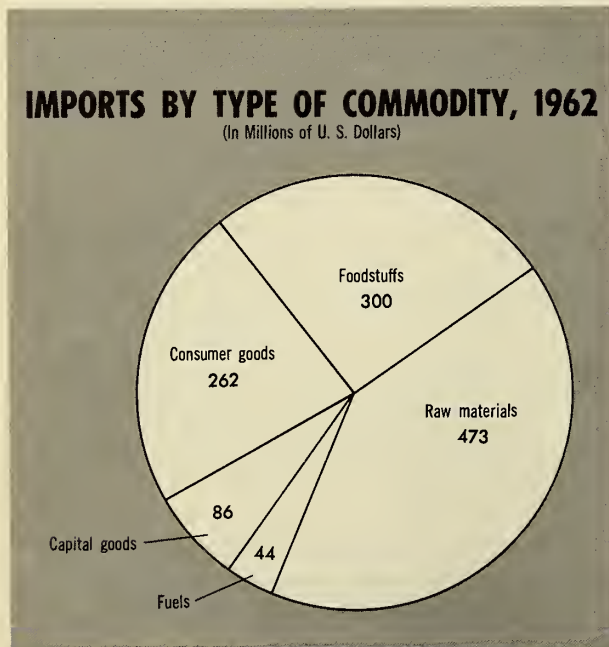
Of all the entrepot markets, by far the best prospects for expanding reexports within the Asian region lie in both the Malaysian Federation and Japan, the two principal customers in 1962. Australia, the Philippines, Thailand, and even Macao also offer wide scope for entrepot trade. Opportunities in Indonesia are more difficult to assess because of the prevalence there of short-term policy and economic changes. However, Indonesia is a potentially rich reexport market, and openings for big sales, which are certain to arise from time to time, should be carefully explored.

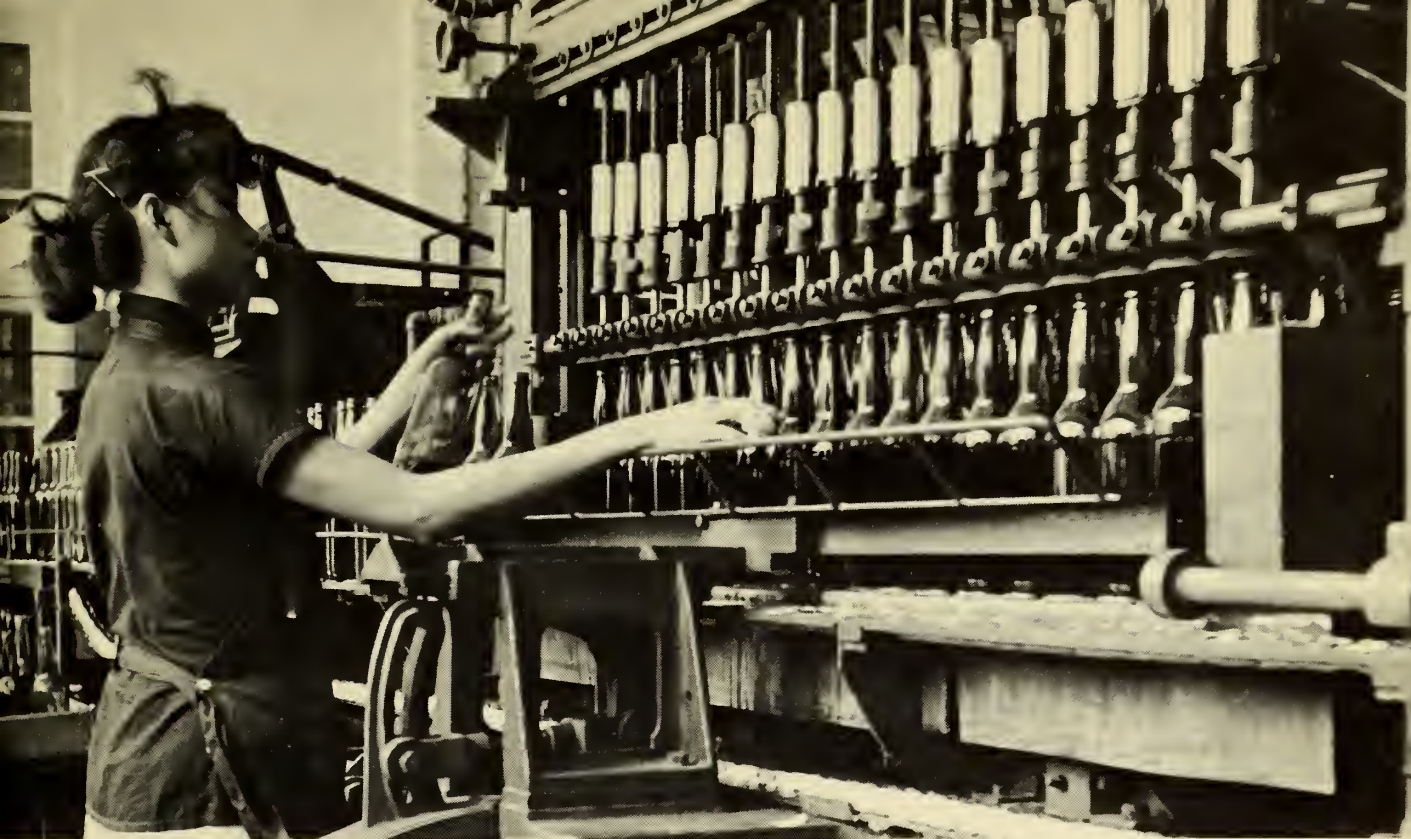
The major aid recipient countries of Asia—South Korea, South Vietnam, Laos, Taiwan, India, and Pakistan—absorb fairly substantial amounts of re-exported merchandise from Hong Kong. Moreover, now that the colony has been declared eligible as an offshore procurement source by the U.S. Agency for International Development—AID, the prospects of U.S. exporters using Hong Kong's entrepot facilities to supply the aid recipient countries should improve considerably.

Reexports to countries outside Asia are mostly of a specialized nature, e.g., jewelry, and are of little importance to U.S. suppliers.

American products which currently enjoy high reexport sales include air conditioners, movie film, plastic raw materials, household appliances, pharmaceuticals and medicinal preparations, chemicals, and petroleum products. See table 16. Reexports of American products must be approved and authorized by the U.S. Consulate General in Hong Kong before the goods can be shipped out of the colony. The authorization system is efficient and free of delays. See appendix C for examples of U.S. origin products authorized for reexport from Hong Kong.

Stockpiling in Hong Kong for reexport to the Asian region offers several important competitive advantages over direct export. First, the delivered cost of merchandise may be less when shipped in bulk for intermediate storage in Hong Kong than when shipped piecemeal direct to the customer in the Asian region. Second, goods can be delivered far more quickly from Hong Kong than from the United States. Prompt delivery is a major asset when competing against Japanese and other suppliers in the Far East. Third, small individual orders, which in the aggregate may involve substantial business, can be more conveniently accommodated from stocks maintained in Hong Kong than from the





SOYSAUCE BOTTLING WORKS: *The soysauce being bottled here may have been processed from soybeans imported from the United States.*

United States. Many American suppliers tend to pass over small orders when operating directly from the United States. Fourth, American merchandise reexported from Hong Kong to countries having U.S. dollar shortages can be paid for in Hong Kong dollars whereas the goods could not have been imported direct from the United States. The Hong Kong dollars may then be readily converted into U.S. dollars in Hong Kong.

The system for stockpiling and reexporting is efficient and inexpensive, and more and more firms from all over the world are making use of it. In using one increasingly popular method, the foreign supplier is not subject to local Hong Kong income taxes since he is deemed technically not to have engaged in business in Hong Kong. For example, an American supplier ships his merchandise in bulk to Hong Kong where it is consigned to the warehouse-and-forwarding agent for storage in a godown. The supplier retains actual title to the goods. If a customer in, say, Kuala Lumpur, Malaya, wishes to buy the American products stored in Hong Kong, he opens a letter of credit—L/C through his bank in Kuala Lumpur against the American supplier's bank in Hong Kong. The Hong Kong bank presents a copy of the L/C to the warehouse-and-forwarding agent and notifies the American supplier. The sup-

plier has presumably already been notified by his local agent in Malaya. If the supplier approves the sale, the warehouse-and-forwarding agent will break bulk, repackage into smaller units if necessary, and arrange the delivery of the stockpiled merchandise to the Malayan customer. The Hong Kong bank invoices the customer, clears the draft, receives payment, and remits the funds to the supplier.

All documentation, such as that involving clearance of inward shipments, obtaining import and export licenses, invoicing, booking space for outward consignment, arranging shipping orders and insurance policies, and processing bills of lading, is handled by the warehouse-and-forwarding agent in conjunction with the supplier's bank. The charge for these services averages 0.5 to 1 percent of invoice value. Storage rates are approximately \$0.15 per 20 hundred-weight² per month on bagged cargo and \$0.18 per 40 cubic feet per month for cargo in cases and cartons. For more detailed information on procedures and rates, U.S. suppliers should write direct to either a warehouse-and-forwarding agent or bank in Hong Kong, indicating the types of products and the volumes anticipated. A list of warehouses is shown in appendix B.

² 1 Hundredweight=112 pounds.

CHAPTER II

Conditions Affecting Imports

The Crown Colony of Hong Kong is located east of the Pearl River estuary and adjoins the southeastern coast of the Province of Kwangtung of mainland China, 91 miles southeast of Canton and 40 miles east of the Portuguese colony of Macao. Its excellent, natural, and almost landlocked harbor, which is about 17 square miles in area, and its location on the principal sea and air routes of the Orient combine to make it a principal center for international trade in the Far East.

The colony, which comprises an area of $398\frac{1}{4}$ square miles, consists of Hong Kong Island with an area of 29 square miles, Kowloon on the mainland with an area of $3\frac{3}{4}$ square miles, and the New Territories with an area of $365\frac{1}{2}$ square miles in a peninsula plus Lantau Island and numerous small islands. Hong Kong Island and Kowloon were ceded outright

to the British in 1843 whereas the New Territories were leased in 1898 to the British for 99 years.

The metropolitan area, i.e., the commercial, industrial, and port facilities, is contained chiefly within the limits of the city of Victoria and in Kowloon.

Although Hong Kong lies within the tropical zone, the weather varies from season to season. The winter monsoon blows from the northeast and there is cool, dry weather from September to April. From mid-April until September, the weather is almost continuously hot and humid. The mean daily temperature ranges from 58° F. in February to over 82° F. in July, but summer temperatures often exceed 90° F. Relative humidity is consistently above 80 percent from February to September. There is a risk of typhoons from May to December. Summer is the rainy season. Average annual rainfall is 85

inches, of which an average of 76 inches falls from April to October.

Air-conditioning equipment, imported almost exclusively from the United States, is essential for comfort during the summer months. Most offices, stores, hotels, and theaters have such equipment. Climate also dictates the kinds of clothing purchased and worn by local consumers. Umbrellas and raincoats are necessary during the rainy months, coats and sweaters are worn in winter, hats are seldom worn by either men or women. Clothing during the cool season is similar to that worn in American or European cities during the autumn.

In summer, the usual attire for manual laborers is T-shirts and shorts or coarse work trousers that are made from cheap cotton fabrics produced locally or imported from mainland China. For 7 months of the year, businessmen wear lightweight, washable fabrics, such as cotton cords, linen, sharkskin, tropical worsteds, and synthetics. During the April-October period, women ordinarily wear summer cottons and other lightweight, washable dresses. Moderately heavy suits, wool dresses, sweaters, and skirts are needed for the colder months. Children wear shorts, sneakers, T-shirts, and blouses during the summer; then, slacks or skirts, blouses, and sweaters in winter.

Although the colony is itself a major producer of clothing, most of its production is exported rather than sold locally. Consequently, imports of clothing and fabrics are a fairly large item, amounting to \$17.4 million in 1962, of which \$2.9 million came from the United States. See chapter VI.

LAND AND WATER

Hong Kong is a mountainous area. Steep cliffs and hills cover all but Victoria City, Kowloon, and several substantial areas of flatland in the western and northern New Territories. Arable land is scarce. Of total area, only 13.2 percent, or 33,900 acres, may be considered as agricultural land; 81.3 percent is rated marginal and varies from precipitous and rocky to moderate slopes, some of which can be utilized; and the remaining 5.5 percent is designated urban. Total forest cover is about 22 square miles. Mineral resources are limited to iron ore, wolframite, and graphite, which are mined underground, and kaolin, feldspar, and quartz, which are mined in open pits.

There are no important rivers or streams in Hong Kong to provide fresh water. The colony is totally dependent on rainfall that is trapped in an elaborate network of conduits, tunnels, and reservoirs and on



CONVENIENCE: Hotels have air-conditioned rooms with attached baths, laundry and dry cleaners, and 110-volt converters.

water piped from mainland China. Severe rationing of water is usually necessary for several months during the year. Although industry is given preferential treatment in the allocation of water, those enterprises which require large amounts, such as dyeing and finishing, bottling of beverages, and laundry and drycleaning, sometimes have to curtail production during water crises.

The need for water has impelled the Hong Kong Government to undertake an enormous program of water catchment and conservation. This program is based on construction of interconnecting underground tunnels, water treatment plants, and dams and reservoirs. Contracts for the larger reservoir projects are often awarded to foreign engineering and construction firms, and it is not uncommon to see American earthmoving and earth-leveling equipment in predominant use.

The water shortage has also generated considerable public interest in salt water conversion schemes. Any desalinization scheme large enough to satisfy part or all of the colony's estimated average daily consumption of 85 million gallons of fresh water would have to be financed largely by the Hong Kong Government. The Government still favors its program of dams and reservoirs. Nevertheless, if the cost of supplying desalinated water could be brought down toward the 17.5 cents per 1,000 gallons at which fresh water is now being supplied, the Government has indicated a willingness to give a conversion system serious consideration. American firms that have pioneered in salt water conversion could well explore the possibilities in Hong Kong.

FARMING AND FISHING

The small overall land area and even more limited arable land area obviously curb the economic importance of agriculture in the colony and clearly underscore the need to import food and other agricultural products. The total value of all primary food pro-

duction in the 1961-62 season, including paddy rice, vegetables, dairy products, poultry, fish, and livestock, amounted to only \$58 million. But the retained imports of primary food products, excluding canned or bottled foods, in 1962 amounted to \$211 million. When the \$25 million worth of canned and bottled food imports in 1962 are also accounted for, Hong Kong's local production is sufficient to cover only 20 percent of its total food consumption. See also chapter VI.

The principal crops grown in Hong Kong include rice, vegetables, sweetpotatoes; other field crops, such as peanuts, millets, soybeans, and sugarcane; and a variety of fruits, including wampei, lemon, orange and tangerine, guava, papaya, litchi, and pineapple.

Livestock farming is principally confined to the raising of pigs, poultry, and other small stock which find a ready market in the urban areas. Most imports of live animals come from mainland China and Southeast Asia, but a considerable market exists in Hong Kong for American frozen meats and poultry and for animal feeds.

Except for alluvial deposits in the northwest New Territories, the soils are generally thin, acid, and low in nutrients. Consequently, most of the colony's farmland must be heavily fertilized. Nightsoil is used on about half the area, but is being replaced or supplemented by pig and poultry manure, peanut cake, duck feathers, bonemeal, and compost. The use of chemical fertilizers is increasing, usually in addition to organic manures. Insecticides are also gaining favor in the control of pests. Data on total imports and imports from the United States of both fertilizers and insecticides are shown in table 17.

The terraced hill slopes and small fields—some of them little larger than a suburban garden—preclude the use of mechanical equipment. Land is usually cultivated by traditional plows and harrows that are drawn by water buffalo or other cattle or by man.

LOW-RENT HOUSING: Massive blocks of flats, seven stories high, have been erected in Hong Kong by the Public Works Department.





WATER GAMES: In mid-April sun, when the dragonboats race, Hong Kong enjoys one of the many popular outdoor games.

However, the farmers are not averse to modern improvements that are suitable or adaptable to local conditions. Data on 1962 imports of agricultural machinery are presented in table 18.

Fish is one of Hong Kong's primary products, and the fishing fleet is the largest of any port in the British Commonwealth. The colony is virtually self-sufficient in fresh fish, an important source of protein in the diet.

Rapid expansion and mechanization of the fishing fleet, an undertaking already in process, will undoubtedly generate market opportunities for U.S. marine engines and parts. In 1962, there were 5,200 mechanized junks, or one-half of the local fishing fleet of over 10,000 vessels, operating out of Hong Kong.

In 1962 alone, 945 vessels, the majority newly built, were added to the mechanized fleet, and 1,538 diesel engines were newly installed. The United States supplied only 13 engines, all of 144 to 189 horsepower. On the other hand, the United Kingdom and Japan supplied 597 and 883 engines, respectively, most of which fell within the 60- to 72-horsepower and 3- to 22-horsepower range. If the United States exporters were willing to supply engines of low horsepower, an increase in U.S. diesel engine exports might result.

TRANSPORTATION

Hong Kong became a commercial center of the Far East largely because of its convenient location in relation to other Asian ports and because of its fine natural harbor, deep and wide enough to accommodate the largest oceangoing vessels plying the Asian trade routes. More recently, with the phenomenal development of local industry to augment

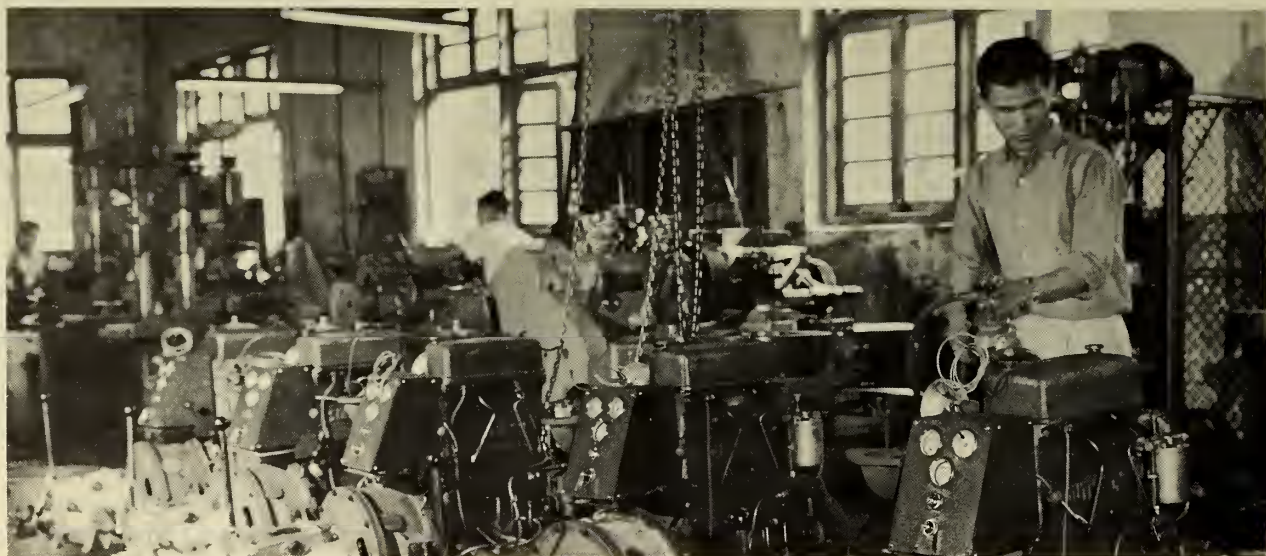
its traditional entrepot trade, Hong Kong has become more than ever dependent on efficient transportation. The demand for these services has stimulated continuous efforts to improve and expand transport facilities, has generated increased imports of transport repair and maintenance equipment, and has contributed substantially to more rapid unloading and distribution of all types of imported merchandise.

Hong Kong is a popular port of call for conference and nonconference freighters and passenger liners from all over the world. A total of 11,873 ocean-going ships of 38 million net registered tons entered and/or cleared Hong Kong in 1962, or, increases of 8 percent and 2 percent, respectively, over 1961. See table 19. Of these, over 6,000 were of British nationality; 1,800 Japanese; 1,200 Norwegian; 1,000 Communist Chinese; 900 Panamanian; 650 American; and over 320 of other nationalities. A complete listing of conference lines servicing the colony appears in appendix B.

Cargo brought into the colony by all ships in 1962 increased 14 percent over that in 1961 to 5.8 million deadweight tons, while tonnage loaded in Hong Kong increased 2 percent to 1.95 million deadweight tons.

Although Hong Kong's foreign trade depends primarily on shipping, an increasingly greater volume of its freight moves by air. The construction of a new 8,340-foot runway at Kai Tak International Airport in Kowloon encouraged the use there of airfreight by accommodating modern aircraft weighing up to 400,000 pounds. All the latest navigational and approach aids have been installed to permit maximum safety and regularity of air services in spite of surrounding hills.

Hong Kong is well served by the world's leading international airlines. A complete list of scheduled



A SOUTH CHINA IRON WORKS PLANT: One of many small industrial plants in the Far East which could use U.S. produced parts.

airlines servicing Hong Kong is compiled in appendix B. Approximately 160 scheduled services arrive each week at Kai Tak, most of them operated by the newest types of jet aircraft, including the Boeing 707, Douglas DC-8, Comet IV, and the Convair 880 and 890. During 1962, there were 7,879 aircraft arrivals and 7,873 departures, or increases of 10 percent each over 1961. The volume of air passenger and freight traffic rose even more rapidly, showing increases of 24 percent and 27 percent, respectively.

Table 20 below shows trends in air traffic in and out of Hong Kong, 1960-62.

Hong Kong's mountainous terrain is not conducive to the construction and maintenance of land transit facilities. However, the area is so compact that it does not require an extensive railway and road network. The existing network is more than adequate to assure rapid delivery of imported merchandise from point of arrival, to marketplace, to consumer.

The Kowloon-Canton Railway is the only railway in the colony. The section from the Kowloon wharves to the border town of Lowu is operated by the Hong Kong Government and is only 22 miles long. There are 12 daily passenger trains each way on this section and 2 freight trains. One-way running time is about 1 hour. During 1962, this train carried 7 million passengers and nearly 400,000 metric tons¹ of freight. The entire railway system consists of 8 diesel electric locomotives, 1 steam locomotive, 1 rail-bus, 65 passenger coaches, and 210 freight cars.

¹ 1 metric ton equals 2,204.6 pounds.

The highway system in 1962 comprised a total of 524 miles, of which 192 miles were on Hong Kong Island, 141 in Kowloon, and 191 in the New Territories. Hong Kong has one of the world's highest vehicle densities per mile of roadway. The number of vehicles of all kinds registered in the colony has increased from 41,000 in 1959 to over 63,000 at the end of 1962, despite the discouragement to imports imposed in 1961 by the 15-percent first registration tax on private cars and automobiles. Among the total registered vehicles in 1962 were 40,000 private cars, 11,000 trucks, 5,000 motorcycles, 1,800 taxis, and 1,200 motorbuses.

Hong Kong has a number of transportation and delivery companies operating trucks on both sides of the harbor. Awkward or heavy objects are moved without difficulty.

COMMERCIAL FACILITIES

Hong Kong's natural harbor and free port are focal points of the colony's economic activities. Wharves and warehouses; rail, water, and inland transportation; banks and insurance houses; and most industries have all developed in close proximity to and largely because of the port. Activities which can be carried on, in, or around the free port include measuring and weighing of cargoes, storing, breaking bulk, sorting, grading, cleaning, repacking, assembling, and distributing locally or for reexport. Loading and unloading, victualing, watering, and refueling of incoming vessels is done quickly and

efficiently. In fact, Hong Kong is reputed to have faster turnaround of ships than any other port in the Far East, and port charges are among the lowest in the world.

Vessels enter the harbor either by Lei Yue Mun in the east, with depths up to 36 feet, or by Sulphur Channel or Stonecutters Island in the west, with depths of 28 feet. Fifty-two moorings for ocean-going vessels are maintained by the Government's Marine Department. Of these, 25 are classified as suitable for the use of vessels up to 600 feet in length in typhoon conditions and 8 for vessels up to 300 feet in length. Commercial wharves are able to accommodate vessels up to 750 feet in length with a draft up to 32 feet. All are equipped with modern cargo-handling equipment.

There are four large wharf and godown companies and 100 small godowns providing ample facilities to unload and store all kinds of cargoes, including perishables, timber and logs, and explosives. See appendix B. Total storage capacity is estimated at over 1 million measurement tons, including 27,800 measurement tons,² or 3.6 million cubic feet, of cold storage capacity. This is one reason why Hong Kong is often referred to as the warehouse of Asia.

The average rate of discharge is about 12 to 15 metric tons per gang-hour although that for bag cargoes and other homogeneous parcels is greater.

Typical equipment in use at the major wharf and godown companies includes electric lifts, cranes, conveyors, hoists, and forklifts. Loads up to 150 metric tons can be handled by electric cantilever cranes. Several floating cranes of up to 50-metric-tons capacity are also available, together with adequate lighterage. Stored merchandise is protected against fire by modern firefighting equipment, which is installed in the larger godowns.

Wharf service charges vary from company to company and are frequently negotiated. However, the four large wharf and godown companies—Hong Kong and Kowloon Wharf and Godown Company, Ltd., Holt's Wharf, China Provident Company, Ltd., and North Point Wharves, Ltd.—operate under a published tariff that covers all operations in the handling of vessels and cargo. The tariff is a comprehensive one; the following charges in 1962 serve as examples:

Berthing fee is \$52.50 for each time a vessel is berthed, including launch running lines and berthing gang services of wharf boatswain and wharf superintendent.

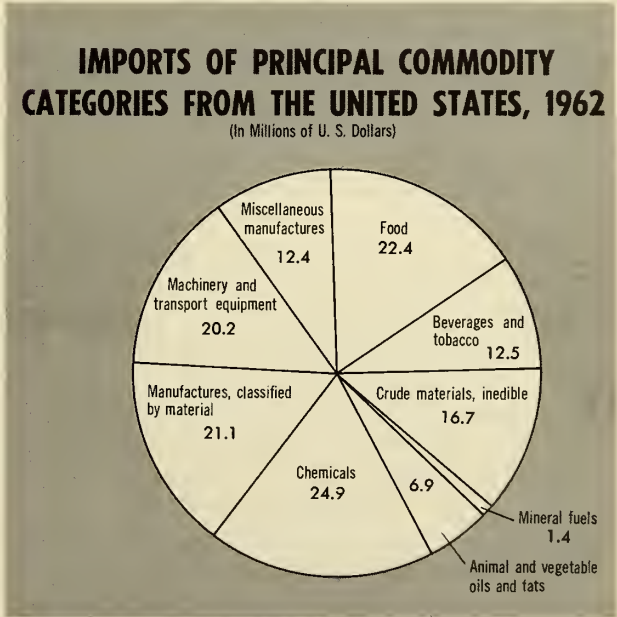
Wharfage is \$96.25 a day, or part thereof, of vessel's stay alongside. A day ends at midnight.

Vessel's discharge work hours of the port are 8 a.m. to noon and 1 p.m. to 5 p.m. The following additional charges are made for work outside these hours. Meal hours: \$17.50 to \$24.50 per gang per hour. Nightwork: 6 p.m. to 11 p.m.—\$28 per gang; midnight to 6 a.m.—\$49 per gang. Sundays, 8 a.m. to 5 p.m.—\$10.50 per gang.

Landing charges include receiving, sorting, stacking, 7 days' free storage, and delivery to door of transit shed. The charge is payable by the consignee and varies according to commodities:

Automobiles per metric ton or 40 cubic feet.....	\$1.25
Steel angles, girders per 20 hundredweight.....	1.35
Lumber per 40 cubic feet.....	1.25
Machinery per 20 hundredweight.....	1.80
Provisions per 40 cubic feet.....	1.20
Paper in pressed bales per 20 hundredweight.....	1.35
Perfumery, toilet preparations, per 40 cubic feet.....	1.75
Piece goods per 40 cubic feet.....	1.25
Sulfate of ammonia per 20 hundredweight.....	1.25
Tobacco, bogshead, 40 cubic feet.....	1.35
Wines and spirits, bottled, per 40 cubic feet.....	4.90
Cotton yarn per metric ton or 20 hundredweight....	1.25
Unspecified cargo 40 cubic feet.....	1.25
Unspecified cargo 20 hundredweight.....	1.35

Lighter hire: The daily charge for lighters in the discharge of vessels at buoy or wharf varies with capacity of the lighter, as follows: 50 to 75 metric tons, \$21; 100 to 120 metric tons, \$26.25; 150 metric tons, \$35; 200 metric tons, \$42; 250 metric tons, \$43.75; and 350 metric tons, \$52.50.



² Measurement-ton=40 cubic feet.

Hong Kong's economy is so heavily oriented toward international trade that most banks in the colony specialize in both the handling of foreign exchange and the financing of imports and exports. These banks maintain extensive credit information and commercial introduction services for those who wish to establish or to continue business relations with local firms. Inquiries from abroad are welcomed; those made by mail should be directed through the inquirer's own bank. Personal callers are advised to bring a letter of introduction from their banks, including background information useful in arranging contacts with Hong Kong firms.

At the end of 1962, Hong Kong had 89 licensed banks, of which 47 were authorized to deal in specified currencies in the official exchange market. Almost all oversea banks, i.e., banks whose head offices are not in Hong Kong, are authorized exchange banks. At least 15 countries are represented by their banks in Hong Kong, including 5 American banks. A complete list of authorized exchange banks operating in Hong Kong appears in appendix B.

Minimum charges for several banking services are shown below:

Bills for collection, both inward and outward, up to \$1,400.	\$1.75 on each bill.
Bills for collection, both inward and outward, over \$1,400.	$\frac{1}{8}$ percent.
Export bills of small amounts, other than bills for collection, when not exceeding \$280, \$0.88; when not exceeding \$140, \$1.31; and when not exceeding \$70, \$1.75.	
Export bills drawn under letters of credits or excess drawings under credits.	None.
Guarantees given to shipping or railway companies in respect of freight only.	$\frac{1}{8}$ percent per year with \$0.35 minimum.
Irrevocable letters of credit, opened..	$\frac{1}{8}$ percent per month of validity of the credit with a minimum of $\frac{1}{4}$ percent.
Letters of credit advised.....	None.
Commission in lieu of exchange on the first \$140,000 in each separate transaction.	$\frac{1}{2}$ percent.
on the next \$420,000 in each separate transaction.	$\frac{1}{4}$ percent.
on the next \$2,240,000 in each separate transaction.	$\frac{1}{8}$ percent.
on any amount over the first \$2,800,000.	$\frac{1}{16}$ percent.

Insurance covering nearly every conceivable contingency is available from the more than 100 Hong

Kong insurance companies, including several American companies. Insurance covering warehouses, marine cargo, and warehoused merchandise account for most of the insurance business. Other insurance policies are written for personal accident and all-risk, excluding earthquake and typhoon risks, life, and property. The premiums paid vary with the type of insurance underwritten but are generally comparable to or less than those in the United States.

HEALTH AND EDUCATION

The state of health and education in any community is an indicator of potential demand for medicinal and other health preparations, on the one hand, and reading, writing, and other educational materials on the other. In Hong Kong, the market is good in both respects.

The generally high level of public health conditions and nutrition in the colony, despite the overcrowding, inadequate housing, restricted water supplies, and a continuous influx of refugees from potentially diseased areas, is a monument to the Government's administration of public health. The Government provides, directly or indirectly, low cost or free medical and personal health services to the large section of the community which is unable to seek medical attention from private sources. To this end, it maintains or supports general, maternity, mental, and infectious disease hospitals and general and specialized outpatient clinics.

Except for occasional outbreaks, the colony is relatively free from major epidemic and endemic diseases such as malaria and cholera. Tuberculosis is the most common disease, with about 2 percent of the adult population in need of treatment. Other prevalent infectious diseases include influenza, measles, chickenpox, diphtheria, dysentery, amebiasis, and enteric fever. The incidence of venereal diseases, although still quite high, appears to be declining with greater use of epidemiological control measures.

The value of imports of medicinal and pharmaceutical products increased 25 percent from 1959 to 1962. See table 21. In 1962, the U.S. share of those imports amounted to 42 percent. Of the total, \$11 million, or 56 percent, were reexported from Hong Kong. Drugs, dressings, and medical instruments for use by Government run or assisted health institutions are purchased by the Pharmaceutical Service of the Medical and Health Department.

In the colony, 91 percent of all males over 10 years of age and 58 percent of all females over 10 are able



A FARMER PLANTS rice by hand in a well-irrigated paddy.

to read or write Chinese, English, or some other language. Of total population 10 or more years old in 1961, 1,642,350 persons, or 75 percent, were literate.

According to the 1961 census, the number of persons who have had some kind of schooling,

whether primary, secondary, private tutor, or university, totaled 1.9 million, of whom 1.3 million were above 15 years of age and 600,000 under 15. Another 600,000 were not yet of school age. This left 615,000 persons above school age, or 20 percent of total population, with no schooling at all.

Along with the steady improvement in education and literacy standards has come a corresponding increase in demand for reading and writing materials. Despite rising literacy in the English language, most Chinese in Hong Kong prefer to read in their own language. Their demands are largely met by books produced by the flourishing local printing industry. Nevertheless, imports of educational materials in 1962 were valued at \$5.9 million, compared with \$4.1 million in 1959. The United States supplied 19 percent of total imports in 1962. See table 22.

RECREATION AND ENTERTAINMENT

Leisure time and facilities are not lacking in Hong Kong. Customers jam the moviehouses, bars and nightclubs, parks, sports arenas, and beaches almost any day or night of the week all year around. Whether a colonial legacy or conscious emulation, the preference in recreation and entertainment is definitely Western, both in style and brand, so that many of the accouterments of leisure time are imported, generally from the United Kingdom and the United States.

Moviegoing is undoubtedly the favorite pastime in Hong Kong. At the end of 1962, there were 74 movie theaters with 78,851 seats, mostly located on Hong Kong Island and Kowloon. About 18 of these are first- or second-run theaters which, as a rule, show imported, foreign—mostly American—films.

Television though growing in importance is still a very young and limited entertainment medium. Rediffusion (Hong Kong), Ltd., a closed-circuit TV network, opened in 1957 the first and as yet the only television service in the colony. It provides a wired broadcast service extending to nearly all the urban areas and to many outlying villages on Hong Kong Island and in the New Territories. The network has more than 1,000 miles of main trunklines and about 2,500 miles of installation cable. Distribution is accomplished via substations, kiosks, and feeder lines to more than 50,000 loudspeakers. At the end of 1962, there were 17,000 subscribers. Most of the filmed TV shows are imported from Britain and the United States to supplement locally produced live



WATER PIPE: An entire reservoir flows through to Hong Kong.

and filmed programs. Most of the TV sets have been imported from Japan and the United Kingdom.

The Government plans to license the operation of a wireless television network which should make possible the sale of American sets. Tenders are expected to be invited early in 1964 by the Government for a commercial wireless television system to be installed and operated as a private monopoly enterprise under Government supervision on a renewable 5-year contract in three stages up to 15 years. The television will operate on a 625-line system, utilizing channels in band IV. The 5-year private monopoly approach is deemed necessary because of the initial capital outlay in satellite stations that are able to accommodate frequency difficulties arising from Hong Kong's hilly terrain. Technical details are being worked out by the Telecommunications Division of the Postmaster General (Hong Kong Government Post Office, Pedder Street, Hong Kong).

A wide variety of games is played in Hong Kong. The most popular are soccer, hockey, rugby, cricket, basketball, golf, tennis, swimming, boating, and water skiing. The field games are usually played in the cool and dry winter months; the aquatic games, in the summer. In urban areas, there are 231 acres of parks, public playgrounds, and rest gardens plus 12 public beaches. American-brand sports equipment and accessories are highly favored.

Imports in 1962 of selected leisure-time merchandise were valued at \$17.8 million, compared with \$12.5 million in 1959, an increase of 43 percent. Imports from the United States accounted for 13 percent of the total in 1962. See table 23.

BUILDING AND CONSTRUCTION

The fast pace of building and construction activity is everywhere apparent in Hong Kong. The clamor of piledrivers on nearly every block and the astounding spectacle of bamboo scaffolding surrounding even the tallest skyscrapers under construction are all part of the daily routine for residents of the colony. But even longtime residents are often amazed at the intensity and speed with which new, high-density, multistory buildings are erected on plots where only weeks before had stood a smaller building or, in some cases, an open sea where children had once cast their fishlines.

The construction boom has fostered markets for all kinds of building materials, furnishings, and accessories. New hotels, apartment buildings, banks, office buildings, restaurants, and theaters are creating



SURFACE RESERVOIRS: *So real and immediate is the need in Hong Kong for more water that additional reservoirs are being built.*

a continuing demand for air-conditioning and refrigeration equipment, gas-fired stoves and water heaters, laundry and drycleaning equipment, elevators and escalators, fire alarm and sprinkler systems, locks and keys, synthetic floor tiles, and counter equipment for restaurants and hotels.

On the whole, American quality lines and new construction techniques are favorably received even when the price is 10 percent above that of the competition. It would be well to note, however, that several European countries, including Italy, have already embarked on full-scale promotional campaigns to boost sales and to manufacture locally light industrial equipment and furnishings. American suppliers have by no means taken full advantage of opportunities afforded by the construction boom.

DEVELOPMENT PROJECTS

The only economic development activities engaged in by the Hong Kong Government are those involving public works projects financed out of current revenues, such as construction of dams and reservoirs, public buildings, Government housing and refugee resettlement buildings, land reclamation and some site preparation, road construction and repair, and town planning schemes. Most other economic development activities are privately undertaken and are rarely planned or coordinated in a way in which U.S. contractors and/or suppliers could be alerted. The actual work on Government projects is done

largely by private construction firms that buy equipment and supplies from local and foreign suppliers. The private contractors usually bid through a consulting engineer appointed by the Public Works Department. When the Public Works Department does its own construction work, it invites tenders for the supply of necessary equipment and materials.

Japanese, British, and French contractors, in coventures with local firms, have thus far been most successful in bidding on the large Government projects. The local firm usually supplies the labor and the foreign firm the engineering services. American firms have bid on several projects but have so far been unsuccessful. This is often so because American bids tend to include higher contingency costs and usually include the cost of importing a complete set of equipment for each project. In addition, American contractors tend to add to their labor costs by accounting for a large staff of high-salaried American personnel. On the other hand, foreign contractors, some of whom are locally based, are able to utilize equipment which they had used on other projects in Hong Kong and tend to rely on local personnel. One obvious solution to this problem of competitive bidding would be to have American firms establish themselves locally in anticipation of a number of major development projects in which they could profitably participate in combination with other jobs.

In fiscal year 1964, the Government estimates a total expenditure of \$106.8 million on public works. See table 24.



TWO VIEWS FROM SAME PLACE: From one sunny day in 1956 (top) to another in 1963 (bottom), Hong Kong reclaimed from the sea this land, the industrial district of Kwun Tong, where those plants that often use imported raw materials are encouraged to locate.



Of total nonrecurrent capital expenditures on public works in fiscal year 1964, about \$40 million is to be spent on construction of buildings, \$27 million on engineering projects other than waterworks, and \$22 million on waterworks projects, such as dams, reservoirs, and treatment works.

Among the larger public works projects in process or anticipated are the gigantic Plover Cove Water Scheme in the New Territories at a cost of \$90 million, the redevelopment of Central Victoria, and various other town planning schemes.

The Plover Cove Water Scheme is a large-scale and long-term project for trebling the colony's present water storage capacity. Stage II of the scheme involves the conversion of the large coastal inlet of Plover Cove into an impounding reservoir by the construction of a main dam, two subsidiary dams, and a spillway together with the driving of a main tunnel from Tai Po Tau to Plover Cove. Tunnels branching off this main tunnel and separate systems of secondary tunnels will tap indirect catchments to supplement the natural runoff into Plover Cove Reservoir. The completed reservoir will have a useful storage capacity of 30 billion gallons out of a total storage of 39 billion gallons. It will have a length of $3\frac{1}{2}$ miles and breadth of 1 mile and will cover 2,950 acres at its presently envisaged top water level. Consulting engineers for the project are Binnie & Partners and also Scott & Wilson, Kirkpatrick & Partners. Tenders for stage II were invited in the latter part of 1963. Stage II is

expected to take several years to complete and will cost an estimated \$60 million, out of a total cost for both stages of \$90 million.

The proposed redevelopment of Victoria envisions one of the biggest and most comprehensive schemes for town center development anywhere in the world. The large waterfront area in the center of the business district of Victoria as well as land reclaimed from the harbor are to be offered for sale in single lots for development as a unit. The scheme will involve the construction of elevated pedestrian ways and traffic crossings, multistory car parks, commercial and office buildings, and civic and Government buildings. In the dockyard area alone, the cost of land and buildings may run as high as \$70 million. The Government intends to offer by public tender the whole of the dockyard area for sale as one lot, but tenders will also be invited to make offers for the same area in two lots, an eastern and western portion. Tenders will be called in early 1964. This ambitious project should arouse considerable interest among overseas real estate investment companies and developers.

Other approved town plans cover the following areas: North Point, Chai Wan, Yau Ma Tai, Hung Hom, Ma Tau Kok, Kwun Tong, Tsai Wan, Ngou Tan Kok, Cha Kwo Ling, Northeast Kowloon, and Sha Tin. Additional plans to develop Aberdeen and Tsim Sha Tsui, the business district of Kowloon, are being considered.

Inquiries regarding public works projects should be directed to the Public Works Department of the Hong Kong Government.

CHAPTER III

The Competition

As an example of a competitive market, Hong Kong is classic. The absence of import controls, protective duties, and purchase taxes enables the suppliers of the world to compete on a relatively free and equal basis. A better testing ground for product marketability is difficult to find.

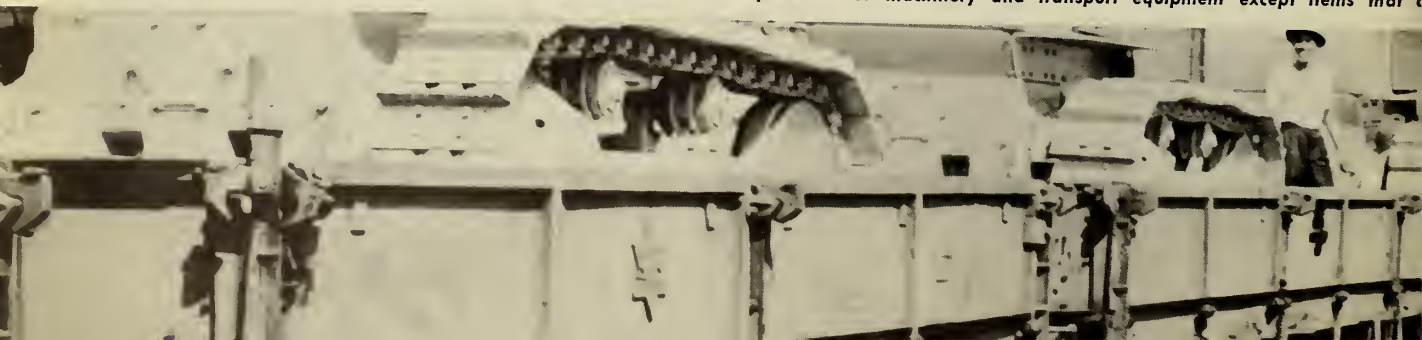
The competition faced by U.S. suppliers varies, of course, with the product sold. In some cases, the principal competition comes from other U.S. suppliers but more often, from suppliers in other nations. The most difficult to measure and perhaps the least significant competition for U.S. products in Hong Kong comes from local producers.

AMERICAN SUPPLIERS

U.S. suppliers compete largely among themselves in those commodities listed in tables 8, 9, 12, and 13. In these products, the U.S. share of the market by commodity ranges from 50 to 100 percent. The

higher the overall share held by the United States, the greater the competition among American suppliers. While this situation is healthy from the point of view of overall U.S. exports as against the exports of other nations, there is no room for complacency in promoting the American brands. Indeed, these products are most vulnerable to breakthrough in market share by some other national brand. They represent the most inviting target for a concerted effort by other national suppliers to introduce the hitherto unavailable "foreign" brand. The recent intensification of trade promotion activities by competitors other than American in Hong Kong attests to the dead aim which those suppliers are taking on products in which the United States currently excels. In 1962 and the first 6 months of 1963, those suppliers sent to Hong Kong more than 10 official trade missions, many unofficial trade delegations, and hundreds of individual businessmen to explore sales prospects.

TRANSPORT EQUIPMENT: Hong Kong does not require licenses for importation of machinery and transport equipment except items that



OTHER NATIONAL SUPPLIERS

Most of the U.S. products sold or salable in Hong Kong are subject to stiff competition from other national suppliers. These are products in which the United States now holds less than 50 percent of the market by commodity and, particularly, those in which the United States has less than 25 percent of the market. See tables 8, 9, 12, and 13.

Generally, the principal competitors are mainland China, Japan, and the United Kingdom, which held 18 percent, 16 percent, and 11 percent of the total import market, respectively, in 1962. Other important suppliers competing against United States include West Germany, other Western European countries, and Australia. Specifically, the competition varies with the product. For example, mainland China is a principal supplier of certain kinds of foodstuffs and textiles but a minor supplier of capital goods and many kinds of raw materials. On the other hand, several countries which supply but a minute part of the total market are major or leading suppliers of one or two commodities; e.g., raw cotton: Brazil; diamonds: Belgium; domestic refrigerators: Italy. See table 25.

Asian competitors, principally Chinese, supply 53 percent of Hong Kong's total imports. Their sales amounted to \$621.6 million in 1962. They are the dominant suppliers of Hong Kong's substantial food and livestock imports. In addition, mainland China accounts for much of the colony's imports of textile fabrics.

For the most part, however, competition from the Asian suppliers is limited and indirect. Hong Kong's imports of food products from Asian countries are largely in primary form—live animals, grains, and fresh fruits and vegetables—whereas the United States has concentrated on the lucrative canned and frozen food market. The United States does also sell fresh fruits. While fresh foods and canned or frozen foods are substitutable to some extent, the convenience, versatility, and durability of frozen and canned products assure them a continuing market. In recent months, however, Australian

suppliers have become very active in the promotion of canned and frozen foods. Competition in their sale is expected to increase substantially.

As for textile products, mainland China principally exports silk fabrics and the coarser cotton fabrics—sheeting and gray shirting—of which the United States is not normally a supplier.

Future competition from suppliers in Asia is likely to increase with the development there of more sophisticated and varied industries and with their natural advantage of proximity to the Hong Kong market. Increased competition from mainland China will likely come about should economic, particularly agricultural, conditions in that country improve. In addition, should Communist China's access to Communist-bloc markets be reduced, the mainland will undoubtedly make greater use of Hong Kong as an outlet.

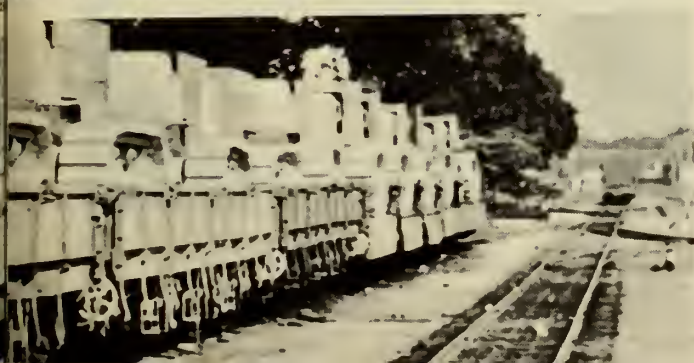
Table 26 shows the principal commodity imports from mainland China in 1962.

Japan is the colony's second largest supplier. Among U.S. competitors, Japan is the most vigorous over the broadest range of products, particularly in raw materials and consumer and capital goods. Proximity to the market gives Japanese suppliers a built-in competitive edge over U.S. exporters in delivery time and transportation costs. The geographical advantage is augmented by the aggressive promotional efforts of Japanese exporters and by their willingness to offer price concessions, liberal credit terms, and service on what they sell. However, Hong Kong tends to buy Japanese products more as a matter of economy than preference; therefore, when price and convenience are approximately equal, the importer will usually favor the American or British commodity rather than the Japanese.

The Japanese sell nearly every kind of merchandise imported by Hong Kong. See table 27. They excel in the sale of textile yarn and fabrics, such as woolen yarn, cotton poplins and broadcloth, and rayon fabrics. They also excel in the sale of base metals, such as iron and steel bars, wire, and tubes. They do very well in the sale of electric appliances, such as TV sets, tape recorders, fans, washers; nonelectric machinery, such as textile and metalworking machinery, earthmoving machinery, diesel marine engines, household sewing machines; and in miscellaneous manufactured articles, including plastic articles, toys and dolls, zip fasteners, and cigarette lighters.

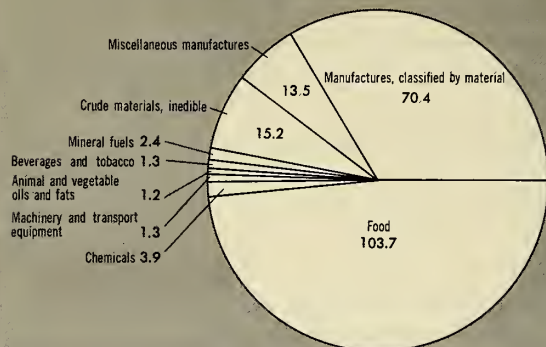
Although Hong Kong is a British Crown Colony

designated strategic but that may still be brought in.



IMPORTS OF PRINCIPAL COMMODITY CATEGORIES FROM MAINLAND CHINA, 1962

(In Millions of U. S. Dollars)



and is a member of the Commonwealth, imports from Commonwealth countries, including the United Kingdom, accounted for only 23 percent, or \$268 million, of total imports in 1962. Nevertheless, British and other Commonwealth suppliers enjoy several unique competitive advantages. Chief among these advantages are tradition, certain preferential duties, some compulsory British specifications, and Commonwealth Preference. As a result, they are assured of primacy in several fields.

Ever since the cession of Hong Kong to the United Kingdom in 1842¹ and the early establishment there of the large British merchant houses, the colony has been a traditional market for British manufactures. The British giants, such as Jardine Matheson & Co., still prefer to represent British suppliers and products.

Preferential duties on Commonwealth origin goods offer only a limited competitive advantage to British firms, since import duties in any case apply only to five commodities—hydrocarbon oils, liquor, tobacco, table waters, and methanol. Moreover, rates are designed for revenue rather than protection and are relatively low. Thus, Hong Kong's imports of these products from the United Kingdom or the United States are more a function of individual preference and taste than of price.

Compulsory, British-type specifications are limited essentially to automobiles and electrical supplies in both of which Commonwealth suppliers enjoy a dominant position.

All automobiles in Hong Kong must be equipped

¹ Hong Kong island and Kowloon were permanently ceded to Great Britain. The New Territories were obtained from China in 1898 on a 99-year lease which is due to expire in 1997.

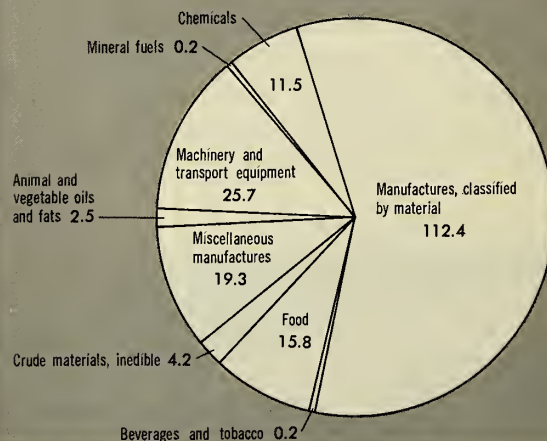
with right-hand drive. In addition, all non-Commonwealth automobiles must pay annually a 15-percent registration tax. As a result, the once considerable export of American-made cars to Hong Kong has ended. Now, most of the American cars imported into the colony are manufactured by U.S. subsidiary companies operating in Commonwealth countries, such as Australia, Canada, and the United Kingdom.

Another pro-British specification that favors Commonwealth suppliers is that electrical supplies, e.g., cable and wiring, must conform to the British Standard Specification—BSS. In addition, Hong Kong operates on 50-cycle current; therefore, American-produced electrical machinery must be adapted from 60 cycles if it is to sell. These factors have virtually excluded U.S. electrical machinery and equipment in favor of the Japanese and British and other European suppliers who are more able or willing than Americans to adapt to the market.

The Commonwealth Preference system is probably the most notable restraint on free trade in the colony although its assistance to Commonwealth suppliers is not believed to be very substantial. Under this system, Hong Kong can export its local manufactures to any of 28 designated Commonwealth countries and territories without payment of import duties, provided the raw material and/or labor content represents at least 25 percent or 50 percent by value of Commonwealth origin. The system, therefore, tends to encourage use of Commonwealth-origin raw materials in the manufacture of products intended for export to Commonwealth countries, including the United Kingdom.

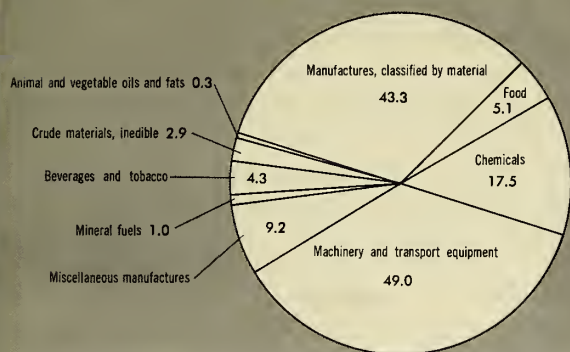
IMPORTS OF PRINCIPAL COMMODITY CATEGORIES FROM JAPAN, 1962

(In Millions of U. S. Dollars)



IMPORTS OF PRINCIPAL COMMODITY CATEGORIES FROM THE UNITED KINGDOM 1962

(In Millions of U. S. Dollars)



Hong Kong manufactures that qualify for duty-free entry into Commonwealth countries and that appear to be exported in quantities substantial enough to make use of Commonwealth-origin raw materials more profitable include metal products, electrical apparatus, plastic ware, and wearing apparel. Twenty percent, or \$154 million, of the colony's total exports in 1962 came under the Commonwealth Preference arrangement, according to Hong Kong Government estimates. An estimated 90 percent, or \$138 million, went to the United Kingdom.

The raw materials include iron, steel, aluminum, and tinplate semimanufactures; electrical wiring materials; polyethylene molding compounds, polyvinyl chloride, and vinyl copolymers; and wool yarns and wool and synthetic fabrics.

It is not possible to estimate the value of Commonwealth-origin imports responding directly to the Commonwealth Preference incentive. Nor is it possible to estimate the extent to which the source of supply may shift to U.S. or other suppliers if the system were abolished. But the system may be modified or terminated if the United Kingdom becomes a member of the European Economic Community—EEC. American suppliers of these raw materials should evaluate their prospects for ultimately capturing a larger share of the preference-system market.

The combination of traditional trade ties, compulsory specifications, preferential import duties, and the Commonwealth Preference system have given British exporters a commanding lead in the supply of electrical machinery, such as generators, motors, transformers, communications apparatus, and electrical wiring materials. They also have a command-

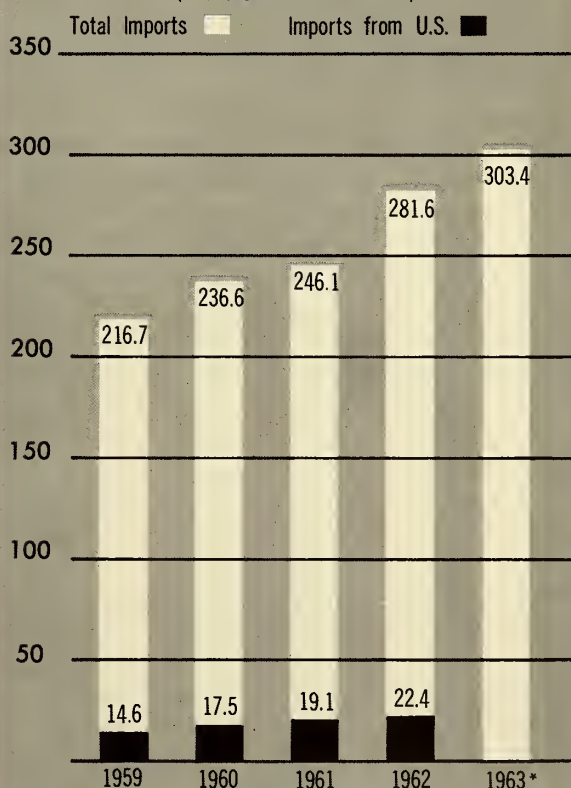
ing lead in transport equipment, such as railway supplies, automobiles, trucks, buses, and parts. They have a strong position in nonelectric machinery, such as boilers and fittings, diesel and internal combustion engines, and in textile yarn and fabrics and base metals. See table 28.

HONG KONG SUPPLIERS

Competition from locally manufactured products is difficult to ascertain in the absence of production or consumption data. Insofar as exports reflect production capability, it appears that local competition is confined largely to consumer manufactures and textile semimanufactures. Examples of consumer manufactures are clothing and footwear, travel goods, furniture, household utensils, cigarettes, plastic articles, and toys and games. Textile semimanufactures include yarn and fabrics. Competition in raw and semifinished materials and capital goods appears to be much less significant than in consumer manufactures and textile semimanufactures and to be limited to such items as scrap

TOTAL IMPORTS AND IMPORTS FROM THE U.S. OF FOODSTUFFS

(In Millions of U. S. Dollars)



* DATA NOT AVAILABLE ON U.S. SHARE

metal, iron and steel bars, paints, building materials, and some machinery.

PRINCIPAL COMPETITIVE FACTORS

The highly competitive Hong Kong market requires that U.S. suppliers be unusually aggressive and flexible in their sales approach. Virtually all of the principal factors which influence sales in the colony—price, sales and payment terms, delivery time, service, quality, style and design, and reputation, among others—must in some way be accommodated. No single approach assures a sale although price will carry more weight than others. Often, a weakness in price competitiveness can be offset by attractive credit terms or by irresistible quality or by a combination of other factors.

Of all the principal competitive factors, price is by far the most influential for the broadest range of products. For sales of consumer goods, price tends to determine the purchase of functional products and necessities used daily by the lower income groups—essential foods, clothing, and utensils. However, the higher the income level the greater the tendency toward conspicuous consumption of consumer goods, so that brand name purchasing of such items as clothing, shoes, cigarettes, cosmetics, household appliances, stationery, and other status-symbol merchandise becomes more common.

Of somewhat less importance than price and reputation in the sale of consumer goods are seasonal delivery and packaging attractiveness. Products which are clearly designed for summer or winter use, for example, must be available to the retailer in advance of the appropriate season. This is particularly important for wearing apparel. Some American manufacturers tend to release their seasonal merchandise for domestic and foreign consumption at the same time, but by the time the goods reach the Hong Kong retailer's shelf, some part of the season may have already passed. Attractive packaging of consumer merchandise has the same appeal in Hong Kong as in the United States for children, housewives, and other consumers.

Price is crucial in determining source of supply for raw materials and components. This is so because local producers feel that they must price their finished export goods cheaply if they are to compete abroad. Thus, local manufacturers are reluctant to buy raw materials and components that raise the price of the final product. They may buy more expensive raw materials, however, if, for

example, the end product can be made more durable.

Quick and/or regular delivery is also essential in the sale of raw materials and components. Since much of Hong Kong's industry is in continuous operation—often employing three shifts, as in the textile industry—gaps in the supply of raw materials would disrupt production schedules and would, therefore, be intolerable. Although most manufacturers maintain their own stocks in order to avoid the danger of supply gaps, they cannot afford to build up excessive contingency stockpiles in warehouses to accommodate irregular or unreliable suppliers. American suppliers are sometimes at a disadvantage because their transport times are longer than those of the Japanese and other nearby exporters. In such cases, the American supplier should consider the merits of stockpiling his goods in Hong Kong for on-the-spot delivery.

Price also plays an important role in the sale of machinery and equipment in Hong Kong, particularly when the machine is not wellknown to the buyer or when the cost to the buyer is again so high as to raise unduly the price of the end product. For the most part, however, the colony's major producers will frequently consider durability and efficiency of operation. They are generally avid students of catalogs and descriptive literature.

When quality among competing capital goods is more or less equal, price will carry great weight among the buyers. However, if the price differential is not prohibitive and quality is generally superior in relation to competing products, the extension of long-term credit by the supplier could become the critical factor in concluding a sale. Although such credit is usually obtainable from local banks, interest runs as high as 10 to 12 percent a year.

Japanese and German exporters of capital equipment are often willing to permit installment payment, usually on a 20 to 25 percent downpayment basis and 5 years to pay, with interest charges at 8 to 9 percent a year. Many American suppliers, in contrast, are inclined to demand immediate cash payment under a letter of credit or sight draft, documents against payment. Such practice often gives the buyer of expensive capital equipment no alternative but to purchase the competitor's product or to rely on high-interest, local credit. See chapter IV.

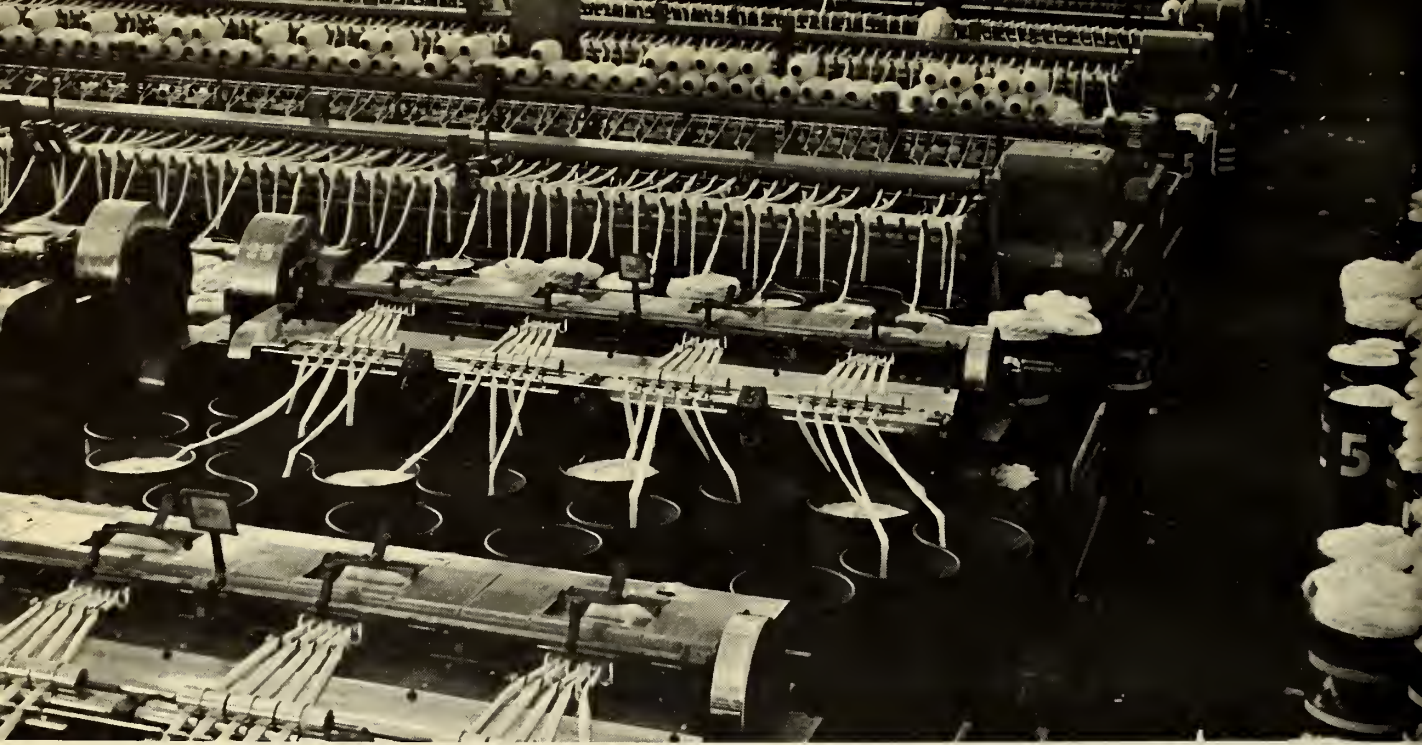
In addition to price, quality, and credit, service is a key competitive factor in the sale of capital equipment. Provision of technical guidance or training, stocking of spare parts, and maintenance of repair facilities are

just as important to the Hong Kong buyer as his selection of the basic equipment. Again, Japanese and European suppliers tend to be far more responsive to service or post-sale needs than do American suppliers.

MEETING THE COMPETITION

Although many American products sell extremely well in Hong Kong, they are on the whole notoriously weak in price competition. In some cases, American

products may reflect higher labor, overhead, and transportation costs. In many cases, even if these cost factors are taken into account, U.S. goods are often over-equipped for local needs. Furthermore, U.S. suppliers are inclined toward a generous markup policy. Typical c.i.f. price differentials between the United States and the Japanese or European product range from 20 to 50 percent on heavy machinery to 10 to 15 percent on soft goods. Adoption of a flexible price policy is clearly the most direct and effective way of meeting the competition in Hong Kong.



WEAVING MACHINES: *Textiles form a major industry in Hong Kong where the Nanyang Cotton Mill, the biggest, employs 1,400 workers.*

CHAPTER IV

Marketing Channels and Aids

Hong Kong abounds in importers, distributors, and agents. They include local as well as British, American, and other foreign companies and afford the U.S. supplier many ways to introduce and market his product. The only difficulty arises in selecting the most suitable channel and then of settling upon a specific firm to deal with.

The most effective marketing channel in Hong Kong varies with the commodity.

Some commodities require intensive consumer advertising for the creation of consumer demand. These products include canned and packaged foods, drug sundries and pharmaceuticals, and wearing apparel. Consumers sufficiently inspired by the hard-sell advertising will buy from retailers, e.g., department stores and grocery stores, who in turn are usually supplied by wholesalers or local agents. The local agent is paid a commission. The whole-

saler or local agent is paid by the supplier to conduct the advertising campaign.

Other products must be demonstrated before their sale. These include automobiles, refrigerators, and business machines. Although advertising and personal contact are also extremely important in their sale, the additional need to maintain stocks and showrooms and to render service imposes a financial burden greater than a local commission agent can assume. In this case, the representative should import for his own account rather than sell on a commission basis. He should be a well-financed distributor or a branch office.

The more complex the product, the more desirable a distributor who is capable not only of importing for his own account and of storing, demonstrating, and servicing the goods but also of performing certain engineering and contracting functions, such as estimating costs, making blueprints, preparing bids in accordance with definite specifications, and installing the product. Goods in this category include heating, drying, ventilating, and air-conditioning systems, laundry and drycleaning equipment, and elevators. Sales of this type of commodity depend on engineering skill and the ability to estimate a particular job. Several firms in Hong Kong qualify for the task.

Finally, the staple goods, which include the majority of raw materials and standardized and well-known products, whose distribution requires local storage but not intensive advertising, demonstrating, or technical servicing, are usually distributed through general importers. These goods include raw cotton and plastic molding components.

MARKETING CHANNELS

The most commonly used marketing channels in Hong Kong can be roughly divided into three major categories:

The direct branches—branch offices, subsidiaries, and regional representatives.

The intermediary establishments—agencies, distributors, franchise holders, and importers.

The direct buyers—retailers, manufacturers, large private concerns, and the Government.

In many cases, the functions of each overlap, and it is quite usual for one firm to perform some or most of these functions. Nevertheless, the following discussion of the more important marketing channels in Hong Kong attempts to identify some of their distinctive characteristics and indicates generally the

types of products which might effectively be distributed through each.

Many of the large foreign suppliers, including American firms, market their products in Hong Kong through their own selling branches. These offices normally operate as wholesalers in the colony and sell to retailers, manufacturers, or large consumers. Few attempt to retail their products directly.

The branch office clearly offers the most intensive means of developing the colony's market, but it also requires the greatest capital outlay for the supplier. As a rule, this method is best for those suppliers who anticipate a large sales volume and who have capital enough to absorb the expense. If this method of distribution is selected, the supplier should strongly consider an organization that not only promotes the product and takes orders from customers but also stocks goods with which to fill orders and provides facilities to service the products after sale. Service is particularly important for complex products.

Among the American firms which have successfully marketed through branch offices in Hong Kong are those large corporations producing chemicals, pharmaceuticals, electronics equipment, business machines, and sewing machines.

A local agent, i.e., manufacturers representative, although not so effective as a branch of the supplier's own establishment, is considerably less expensive than a branch office and is, therefore, relied on by suppliers whose product is the kind which requires intensive advertising and promotion but whose capacity financially or organizationally is insufficient to solicit buyers direct in Hong Kong.

Local agents usually operate on an exclusive basis, that is, they become the supplier's sole representative in Hong Kong for a specified product or product line. Although the exclusive agent may also represent a number of other suppliers in the colony, the products that he sells should be either unrelated or allied rather than competitive. As a precaution, however, the supplier should make certain that his agent's other accounts are in fact noncompetitive.

Agents generally perform all the selling functions of a salesman sent direct from the supplier. For example, most reputable agencies in Hong Kong maintain an office where display samples are kept. In addition, the agent circulates through the trade and endeavors to sell his principal's products either to retailers or wholesalers but not to both if the same product is involved and at prices prescribed

by the supplier. He takes orders that he transmits to the supplier who ships the goods direct to the customer. He is paid a commission that is normally based on sales value.

The agent is generally responsible for local advertising and publicity. He may also service or take charge of servicing the merchandise that he sells. He endeavors to collect or adjust delinquent or past due accounts. Thus, the agent is essentially a salesman not an order taker. He specializes in the handling of products for which a consumer demand must be created by intensive promotional effort, such as cosmetics, quality textiles, shoes, stationery, cigarettes, and, in general, any branded consumer merchandise.

There appears to be a rather limited scope for the agent restricted to taking indent orders on commission, except perhaps for machinery and equipment of a highly technical nature or bulk nonconsumer items, such as structural or reinforcing steel.

Distributors, such as wholesalers and jobbers, are most effective in marketing products which require aggressive but not necessarily intensive or specialized sales effort; for products which can be stocked in warehouses and displayed in storerooms; and for products which may require installation, repair, or other servicing. Various types of machinery, raw materials, components and accessories, provisions, and branded and labeled consumer merchandise are often marketed through distributors.

Like the local agent, the Hong Kong distributor usually operates on an exclusive basis and covers the entire colony. The distributor differs from the agent in that he buys direct from the supplier for his own account—mostly on a letter-of-credit basis but sometimes on credit terms—and maintains a stock of merchandise, including an adequate supply of spare parts and accessories, from which he can quickly deliver to local retailers, manufacturers, or other consumers. The distributor can set his own prices and is not limited by the supplier to any particular margin of profit or specified commission. He handles his own advertising. He should be capable of installing, repairing, or otherwise servicing capital equipment.

A franchise relationship is usually connected with an exclusive distributorship but is a closer and more enduring form of association. In addition to being the sole distributor of the product in Hong Kong, the holder of a franchise may also be licensed by the foreign manufacturer to carry on certain manufacturing or assembly operations and to use the brand

name of the product for the duration of the franchise agreement.

In general, a franchise and/or licensing arrangement offers good distribution possibilities for products which:

1. Have distinctive and widely advertised trademarks.
2. Are marketed by characteristically American selling and merchandising methods.
3. Require comparatively small capital investment to produce the finished product.
4. Use only a small amount of raw material in comparison to the bulk of the finished product.
5. Can be manufactured in small quantities at no great sacrifice in cost.
6. Respond to intensive local sales effort.
7. Are imported at a transportation cost that is too high in relation to the cost of the product itself.

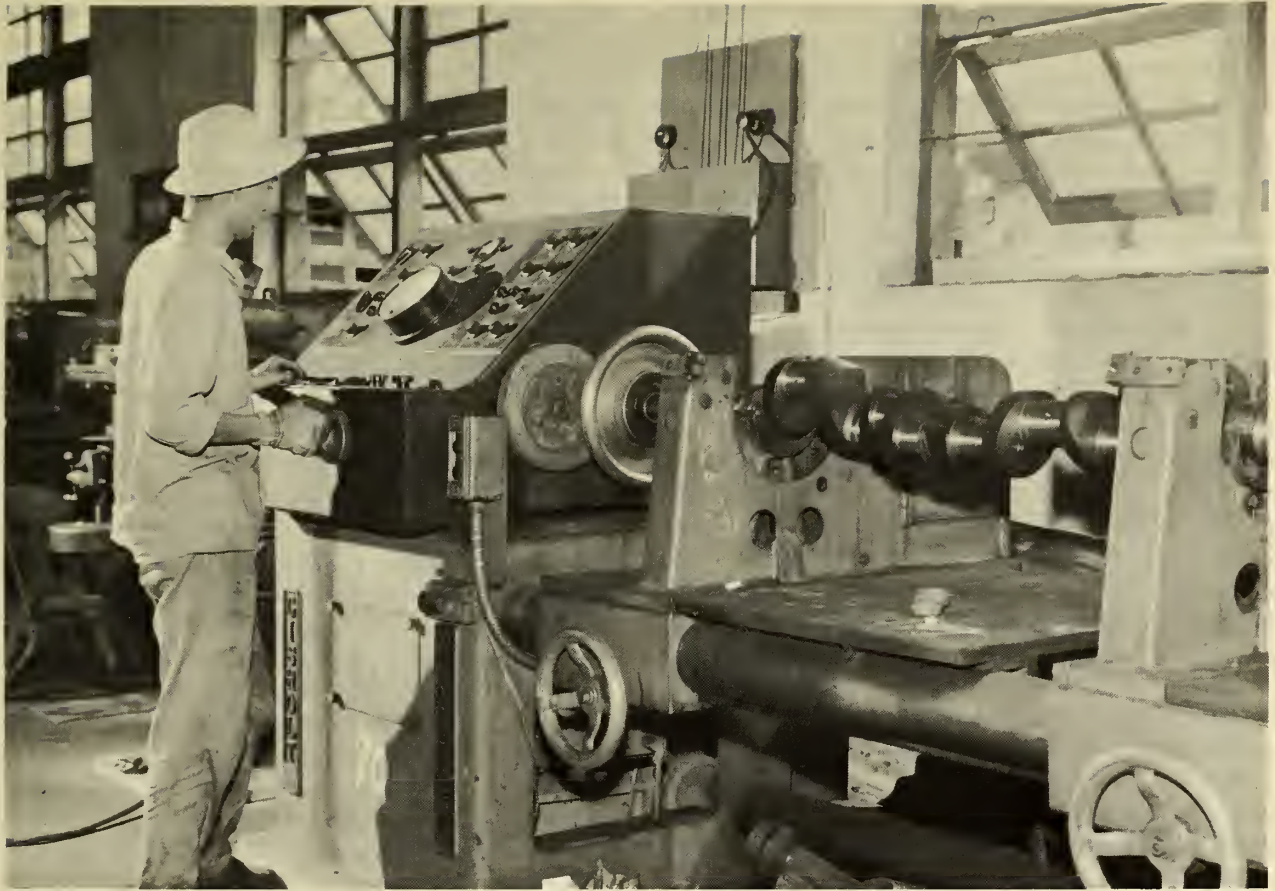
Examples of U.S. products which are distributed under a franchise in Hong Kong are soft drinks, automobiles, outboard motors, and domestic clothes washers.

Hong Kong has a large number of importers who buy for their own account and maintain their own stocks in Hong Kong, as do distributors, but who generally handle a much wider variety of merchandise than do distributors and for that reason are not normally equipped to service or advertise their products. They sell mostly to manufacturers, who use the goods directly, or to wholesalers for resale to manufacturers if the goods must be disposed of quickly for financial reasons. Generally, importers are fairly well financed and will more often purchase on a letter-of-credit basis.

Importers effectively distribute staple goods which do not fluctuate in price or style and which already have a constant and established demand without a special sales effort. They bring in most of the colony's raw materials and semimanufactures for eventual use in the colony's industrial establishments.

Local retailers, except for the large department stores, do not generally buy direct from the foreign supplier. They normally buy their goods through the supplier's Hong Kong agent or distributor or from local importers. The large stores (e.g., Lane Crawford & Shui Hing Company) have buying agents in the supplier country.

Retailers stock in small quantities as a rule and sell only merchandise for which there is a de-



A WORKMAN ADJUSTS CONTROLS OF U.S. MACHINERY in Iron Works Plant. Popularity of U.S. industrial machinery is increasing.

mand created either by universal recognition of a famous brand name or by the inherent character of the product itself. Such items would include toiletries, pharmaceuticals, patent medicines, packaged foods, and other goods sold through intensive advertising at home so long as the supplier arranges with the retailer to do equally intensive advertising in Hong Kong.

Most manufacturers buy their machinery and equipment direct from the supplier or through his branch office or local agent, relying on catalogs and other literature to make their product selection. In buying raw materials, the large manufacturer often deals direct with the suppliers while the small producer, who cannot afford to maintain substantial raw material stocks in warehouses, tends to buy from local importers and distributors.

The large private or quasi-private concerns, such as public utilities, warehouses, and transportation businesses, generally make huge but infrequent purchases of plant and equipment and usually prefer to buy direct from the manufacturer. They

are constantly on the lookout, for better and improved facilities and for renewals, additions, and replacements. Thus, it is well to keep these firms apprised through circulars and other promotional literature of modifications in existing equipment and of new equipment.

Inasmuch as the Hong Kong Government neither owns nor operates industries and does not engage in industrial development outside of public works, it has little occasion to purchase goods in quantities large enough to be of interest to the suppliers. The bulk of Government purchasing is limited to supplies needed to carry on public works projects and to operate the various Government departments. The controller of stores of the Stores Department most nearly resembles a central purchasing agent for the Government. In addition, the major departments, e.g., Public Works, Urban Services, and Education, procure most of their own needs independently.

All business with the Government is done on an offer and bid basis. Tender notices are published

weekly in the Hong Kong Government Gazette, available on subscription for \$21 a year from the printing department, 81-115 Java Road, North Point, Hong Kong. Samples of tender notifications, including the usual bidding procedures as well as a representative listing of contracts awarded, are given in appendix C of this report. Most of the invitations to bid on public works projects are limited to local contractors, including foreign firms established in the Colony, registered with the Public Works Department. Local suppliers are usually better able to win other Government contracts because the Government departments try to buy goods that are locally available. The Government tenders that are opened to international bidding—usually the major public works projects—are published in the U.S. Department of Commerce weekly publication, *International Commerce*, in advance of bid deadlines.

A representative in Hong Kong, as in any country, should be selected for his technical and financial soundness. A firm is usually selected either through personal correspondence or personal consultation, depending on the type of representation desired.

When the selling function is more or less routine, as with standardized consumer goods and raw materials, a satisfactory selection can be made through careful correspondence. In this case, the supplier should get the following facts about the firm—its background, the number of its salesmen, its experience in handling the particular product line, its method of operation, the extent of its local contacts, and its credit responsibility.

When the product must be demonstrated during the course of a sale or when engineering service is required on the product in use, the personal contact

method of selection is most desirable. Here, the additional points to consider are the technical competence of the firm's sales and service staff, the adequacy of its service department, and the suitability of its storage and showroom facilities.

Hong Kong has many reputable and qualified firms anxious to represent suppliers. Help in the selection of a firm can be obtained from the U.S. Commerce Department, Washington, D.C. See section, U.S. Facilities. Advice on selection can also be obtained through banks, chambers of commerce, and consular representatives in the colony.

The supplier is obliged to cooperate to the fullest extent with his representative in furnishing an adequate supply of literature and samples, in providing details on price and delivery, in honoring orders and sales contracts promptly, in working out local advertising arrangements, in adjusting complaints, and in assisting with whatever other sales promotion arrangements are suggested by the representative to increase sales in Hong Kong. If the supplier has chosen his representative wisely in the first instance, he should be prepared to rely on the expertise and judgment of his representative.

MARKETING AIDS

Surprisingly for a country whose economic survival depends on buying and selling, the concept of market research is scarcely understood or as yet appreciated by most of Hong Kong's producers and traders. Demand projection, cost calculation, and other basic factors which U.S. manufacturers rely on to determine how much to produce and when and to whom to sell are considered only by the very large firms in Hong Kong, particularly the locally based foreign

RECLAIMED LAND: Debris of former buildings make site for new industries and homes in the new town of Tsuen Wan, Hong Kong.



companies. For the most part, production and sales decisions are opportunistic and follow a jump-on-the-bandwagon approach. This often leads to over-concentration on a particular commodity or export market, cutthroat competition, very low profit margins internally, and, consequently, a compulsion to import raw materials and equipment at lowest possible cost. Market research is handicapped by the paucity of statistical data on production, consumption, purchasing power, and most other indicators of actual or potential demand.

Although a few local concerns offer market research services, the essential tools of the art, including statistics, are still too limited to permit much more than a rather general market analysis.

Advertising Crystallizes Demand

Advertising is particularly effective in Hong Kong because of the impressionable nature of many of the residents, particularly the lower income groups who have been newly exposed to the conveniences and symbols of modern living and who are just beginning to acquire the means to possess them. Thus, as incomes grow, advertising crystallizes latent demands into actual consumer purchases.

Advertising in any medium is available in Hong Kong—in newspapers and magazines, on billboards and neon signs, by slides in short films in local movie theaters, over the bilingual radio networks, on closed-circuit television, via local exhibitions and displays, and directly through the mails.

Among the more potent media are the newspapers, radio, movies, and streetside visual displays. Newspapers, particularly those in the Chinese language, reach an estimated 600,000 to 700,000 readers daily and are the most widely used advertising vehicles. The three English-language papers may be used to reach the British and American residents as well as most foreign tourists.

Radio advertising will reach an estimated 2 million listeners a day, according to an estimate based on an average of 8 listeners per set and 300,000 sets. Rates are fairly low. On the commercial radio, which is bilingual, airtime is sold by the hour, half hour, or quarter hour, or as spot announcements ranging from 10 to 60 seconds. Rates for the Chinese service during peak hours average \$14 for a 10-second spot announcement; those for the English service run around \$1.75 for a 10-second spot in the evenings.

Movie advertising, which probably reaches everyone at some time or another, is extremely effective

for products which lend themselves to mass appeal and impulse buying—cigarettes, beverages, cosmetics—much as TV advertising does in the United States. In Hong Kong movie theaters, the feature film is always preceded by about 10 to 15 minutes of still or animated commercials.

Billboards, neon lighting, and other streetside advertising forms are relatively expensive but are heavily relied on because they are virtually inescapable. The main business centers are so small and so frequently passed every day by thousands and thousands of persons that visual displays are in constant view. The product thus advertised should have a mass appeal, and, obviously, the larger, more colorful, or more imaginative the display, the greater its impact.

The direct advertising approach may be particularly effective in certain cases, notably in selling machinery and equipment. Some Hong Kong merchants can arrange small exhibitions and several have showrooms of their own for product displays. Supplying samples, pamphlets, catalogs, and other sales literature to individual buyers is a good practice and is often decisive in making a sale.

Whatever the medium used, advertising in Hong Kong should be adapted to the local Chinese since they comprise the mass of the consuming public. The adaptation, however, should not have the effect of disguising the foreign origin of the product inasmuch as the foreign character of a product generally gives it a higher social and pecuniary value. Rather the idea is to emphasize its foreign origin in a way which is clearly understood by the public. For example, if people are depicted, they should have typically Chinese faces; and signs and movies should have Chinese subtitles. Consumer goods, even without a Chinese text, are given a Chinese name for use in ads and sales literature.

The importance of adapted advertising underscores the desirability of relying on local facilities through which to carry on an advertising program. Moreover, although there are a number of good advertising and publicity agents in Hong Kong, most foreign suppliers prefer to have their local sales representatives do the advertising work. This arrangement is advantageous because of the agent's familiarity with local customs and his direct interest in increasing sales. He will, therefore, be more inclined to utilize only the most effective advertising media and techniques.

The money allowed for advertising varies with the product. In general, products which require advertising in the United States will also need to be

advertised even more intensively in Hong Kong. The expenditure for advertising may average around 5 percent of sales price for soft goods, such as wearing apparel and shoes, to 20 percent for proprietary drugs and pharmaceuticals. Raw materials and machinery will probably need from 2 to 5 percent of sales price for advertising.

Hong Kong has several trade organizations which, together with the Commerce and Industry Department of the Hong Kong Government, provide most of the informational and promotional services of greatest use to the suppliers. Among these organizations are the Hong Kong General Chamber of Commerce, the Federation of Hong Kong Industries, and the Chinese Manufacturers' Association. All are equipped to facilitate introductions to local firms, arrange factory visits, and circulate trade inquiries. In addition, almost every trade in Hong Kong has its own association. Names and addresses of these associations can be supplied on request to the Commerce and Industry Department of the Hong Kong Government.

The Hong Kong Commerce and Industry Department publishes, the *Commerce, Industry and Finance Directory* and also the *Trade Bulletin*. The former is published annually and is sent free of charge anywhere in the world to firms and trade organizations that are interested in trading with Hong Kong. Copies are available in Hong Kong at HK\$5 each. Foreign firms can also receive the *Trade Bulletin*, a monthly, free on request. Local copies sell for HK\$2 each. Both are well illustrated and contain up-to-date information and data. Requests for free subscriptions should be addressed to the Department of Commerce and Industry, Fire Brigade Building, Connaught Road Central, Hong Kong. The *Hong Kong Dollar Directory*, an annual, available for \$1.75 from the Local Property and Printing Company, Ltd., 13 Duddell Street, Hong Kong, gives, among other information, a comprehensive list of firms operating in the colony as well as the names of local representatives of foreign firms trading with Hong Kong.

Profit From U.S. Facilities

Businessmen doing business abroad often profit from the advice and guidance of private and governmental agencies that provide commercial information.

Data on the marketing and economic and commercial conditions in Hong Kong may be obtained from the Far Eastern Division, Office of

International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C., 20230, or from any of the Department's field offices, which are located in principal cities of the United States. See list of field offices in appendix B. Available data include reports on economic conditions, trade, laws relating to doing business, import and exchange controls, business centers, ports, and tariffs. Much of these data have already been published for use by exporters. See reference to U.S. Department of Commerce, Bureau of International Commerce, *Checklist of International Business Publications*, in the bibliography.

Information on specific commodities or industries is available from the U.S. Department of Commerce, Business and Defense Services Administration—BDSA, which collects, analyzes, and publishes information on the worldwide commercial activity of 20 general industry categories. A complete list of BDSA publications may be secured from any Field Office or the U.S. Department of Commerce, Washington, D.C., 20230.

Information on agricultural commodities, livestock, and agricultural development programs is available from the Foreign Agricultural Service of the U.S. Department of Agriculture, Washington, D.C., 20250.

The Chamber of Commerce of the United States, 1615 H Street, NW., Washington, D.C., 20005, has a Foreign Commerce Department which may be helpful.

The National Foreign Trade Council, 10 Rockefeller Plaza, New York, N.Y., 10020, has a nationwide membership of companies engaged in foreign trade and other business operations abroad. This organization provides information and consultation services to members.

Banks and shipping companies as well as private trade associations and consulting firms are also sources of economic and commercial information.

In planning trips to Hong Kong, businessmen are advised to make advance arrangements by visiting or writing the Commercial Intelligence Division of the U.S. Department of Commerce, Washington, D.C., 20230. By supplying that Division with facts on the itinerary and purposes of the trip, the American Consulate General in Hong Kong can be alerted to provide all possible assistance, including the setting up of appointments and plant visits. Once reaching the colony, businessmen are encouraged and always welcome to call on the United States economic and commercial officers in the

Consulate General and to avail themselves there of all the facilities, such as the commercial reading room.

Consular officers report on the business standing, reputation, ability, and activity of Hong Kong firms. Their reports may be obtained from the U.S. Department of Commerce or the field offices. A detailed description of these reports, which are called World Trade Directory Reports, or WTDR's, is available on request.

Trade lists of Hong Kong manufacturers, producers, and exporters who might be suitable sources of supply for the purchase of goods and equipment as well as lists of importers, wholesalers, and agents in Hong Kong to whom one might sell American products are obtainable for a nominal fee from the Commercial Intelligence Division.

The foreign departments of leading U.S. banks in metropolitan areas are equipped to give direct service to foreign traders, including those interested in Hong Kong; small banks can usually render similar assistance through larger correspondent banks. Shipping companies are another potential source of practical services.

Many exporters may find the export guarantees of export credit insurance offered through the facilities of the Export-Import Bank of Washington, 811 Vermont Avenue, NW., Washington, D.C., 20005, the U.S. Government's principal export-financing agency, to be worthwhile in financing foreign sales. Information on the Eximbank's programs is available through local commercial banks or from the Eximbank.

To supplement its own dollar loans, the bank makes financial assistance from private sources more readily available to the American exporter. The bank underwrites foreign credit insurance, issues guarantees to commercial banks, and considers direct guarantees and financing for exporters when

either insurance or commercial bank assistance cannot be obtained. In providing these facilities, the bank takes into consideration:

1. The ability of the importer to make payment.
2. The appropriateness of the credit terms involved.
3. The ability of the importer's country to service dollar debt.

The Eximbank also maintains programs to provide export consignment insurance.

U.S. exporters can now get faster, better, and more flexible credit insurance services. Five programs are available to facilitate credit extension on favorable commercial terms to overseas customers. Four of the programs provide insurance policies issued by the Foreign Credit Insurance Association—FCIA and underwritten by that association and the Eximbank. FCIA is an association of over 70 private insurance companies. The fifth program, designed so that exporters may seek nonrecourse financing from their banks, consists of guarantees by the Eximbank to commercial banks or other financial institutions.

Most of the FCIA's policies have been for short-term transactions, that is, up to 180 days. Exporters who supply consumer goods abroad are finding this coverage attractive because it enables them to sell on 90-, 120-, or 180-day credit. The comprehensive short-term policy insures up to 85 percent of the commercial risks and up to 95 percent of the political risks. It is also possible to insure against political risks alone.

Insurance for medium-term transactions is also available in both comprehensive and political-risk-only policies. Terms vary from 181 days to 5 years. Much of this type of insurance relates to sales of capital goods and equipment.

CHAPTER V

Hong Kong Trade Regulations, Procedures, Agree

The Hong Kong Government has traditionally pursued a laissez-faire economic policy, and for all intents and purposes the colony is a free port. What controls over imports do exist are maintained only for health, safety, security, and currency stability or in accordance with international agreements. They do not, in theory or practice, have the effect of inhibiting or quantitatively restricting imports.

The colony's import controls are basically of three kinds—commodity controls, exchange controls, and import duties.

IMPORT AND EXCHANGE CONTROLS

Commodity controls are exercised through the issuance of import licenses. Licensing formalities are kept to a minimum, and the issuance of a license is usually effected within a few hours after an importer submits his application. Licenses are required only for five broad categories of goods:

1. Commodities regarded as dangerous to public health or safety, such as explosives, narcotics, and poisons.

2. Commodities that have strategic significance, such as weapons and other materials and equipment presumed to have a military capability.

3. Commodities which are restricted for a variety of specified reasons, such as essential foods, gambling devices, and precious metals.

4. Dutiable commodities.

5. All commodities imported from certain Communist countries.

A representative list of commodities under control

as well as the relevant licensing procedures and forms are shown in appendix C.

Licensing for exchange control is not based on the type of commodity imported but on the monetary area in which the goods originated. Four monetary areas have been designated—the Scheduled Territories, formerly the Sterling Area countries; the United States and American account countries; the Transferable Account countries; and other specified countries.

A breakdown of countries in each monetary area is shown in appendix C. All imports except those from the Scheduled Territories require approval from the exchange control authorities. Approval is readily obtainable.

For imports from the United States, the procedure on exchange control is as follows: payment to U.S. suppliers is made in U.S. dollars obtained in the Hong Kong open market. No exchange permit is needed when the goods are brought in on consignment or open account, and the importer remits U.S. dollars obtained in the Hong Kong open market or from holdings in the United States or pays with a U.S.-dollar draft on a U.S. bank purchased from a Hong Kong bank. Two instances when an exchange permit—form A.E.—must be obtained are:

1. When an importer is purchasing under a letter of credit and paying with U.S. dollars obtained in the open market and surrenders to a Hong Kong bank authorized to deal in foreign exchange.

2. When the importer is allowed to obtain U.S. dollars at the official rate of exchange, which is sometimes lower than the open-market rate, in the case of certain essential imports.

ments, and Controls

For a detailed discussion of Hong Kong's licensing and exchange controls and procedures see the U.S. Department of Commerce publication, *Licensing and Exchange Controls, Hong Kong*, World Trade Information Service, part 2, No. 60-51, October 1960.

As a free port, Hong Kong has no general tariff. For those few commodities which are dutiable, the objective is to collect revenue rather than to protect local industry. Only five groups of commodities, when either imported into or produced in the colony, are subject to import or excise duties—hydrocarbon oils, liquor, tobacco, table waters, and methanol. The duty is payable on importation into Hong Kong or after local manufacture when the goods are removed from bond or factory for local consumption. No duty is payable if the goods are exported direct from bond or are transshipped through Hong Kong. Drawback is approved on duty-paid goods which are reexported when they have undergone a recognized process of manufacture in the colony and when the dutiable material content can be accurately measured immediately before shipment of the finished product; e.g., hydrocarbon oils used in paint manufacture or tobacco leaf used for cigarettes.

On importation, dutiable goods must be stored either in a bonded warehouse or in a licensed warehouse that belongs to the importer. The goods are to remain in the warehouse until duty is paid or the goods are reexported. Direct delivery from a vessel in the port is allowed in certain circumstances after payment of duty. When goods are delivered from a vessel, no claims for duty rebates or for shortages

or breakages are allowed. No dutiable commodity may be moved within Hong Kong without a permit. The removal permit covers movement of dutiable commodities before duty has been paid while the duty-paid removal permit covers movement involving payment of duty and release for consumption.

Duty rates as well as the licensing procedures governing imports of dutiable commodities are set forth in appendix C. Commonwealth-origin goods enjoy slightly more favorable rates.

A special assessment—a registration fee—is charged at the time of first registration of any motor vehicle. In addition, a fee of 15 percent of the c.i.f. value of the vehicle is charged on vehicles not manufactured in the British Commonwealth.

U.S. EXPORT CONTROLS

All exports from the United States or its possessions to Hong Kong are subject to the rules and regulations of the Bureau of International Commerce, U.S. Commerce Department, except for special commodity groups which are licensed by other U.S. agencies, such as gold and narcotics by the U.S. Department of the Treasury, and vessels by the U.S. Maritime Administration.

U.S. Department of Commerce export licenses fall into two categories—general and validated licenses. A general license permits exporters to make certain shipments without applying for or receiving a validated license document. The bulk of U.S. merchandise exported to Hong Kong now goes under general license.

A list of commodities which may be exported to Hong Kong under a general license and those which require validated licenses, as well as all other U.S. regulations concerning export control, are shown in the *Comprehensive Export Schedule* which is available for examination at any Commerce Department field office. The *Comprehensive Export Schedule* and amending *Current Export Bulletins* may be purchased from any field office or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402, at an annual rate for the subscription year beginning each April 1, of \$6 (\$1.50 additional for foreign mailing). Air-mail service on the supplementary bulletins is available to domestic subscribers only at an additional cost of \$4 a year.



TERMS OF TRADE: *More liberal financing arrangements are being offered in Hong Kong by the Japanese and some European suppliers.*

TRADING METHODS AND CUSTOMS

Sales quotations are usually given either c.i.f. Hong Kong or c. & f. Hong Kong. Most of the colony's importers prefer not to be given f.o.b. or f.a.s. quotations. Thus, the burden of arranging for shipping and insurance normally devolves on the supplier. Quotations by exporters in the United States and the American account countries are generally stated in U.S. dollars. Otherwise, quotations are either in terms of the currency of the area, if from the Scheduled Territories, or in sterling or Hong Kong dollars, if from any other countries.

All of the common methods of payment are used in Hong Kong although draft, letter of credit, and acceptance tend to predominate. Consignment and open-account shipments are rarely used and only when the consignee has a special relationship with the supplier; e.g., a branch office or franchise holder. On the whole, the exigencies of rising competition are exerting noticeable pressure toward the more liberal financing arrangements, as evidenced particularly by the terms offered by Japanese and some European suppliers. Flexibility in selecting one or another form of payment is therefore becoming increasingly important. The supplier should be prepared to consider each quotation on a case-by-case basis, taking into account among other factors the nature of the product, the amount involved, the credit terms offered by competitors, and the reliability of the consignee.

Letters of credit (L/C) are often used when exporting large shipments of quick-moving, raw,

staple, or semimanufactured commodities, such as grain, cotton, and iron and steel, since in these cases absolute assurance of payment is usually desired and the Hong Kong importers of such goods are usually not in need of credit. Goods sold under documentary drafts are generally the smaller shipments of staple, nonperishable, and easily liquidated commodities. Fruits and canned foods are most frequently sold on sight draft, documents-against-payment (D/P) terms. Specialty and non-staple items, which require intensive promotion and which have a relatively slow turnover, are best delivered on generous credit terms, particularly, 30- to 120-day time drafts, documents against acceptance. Competitive selling of heavy machinery and capital equipment may require financing arrangements which allow the buyer from 180 days up to 5 years to make payment. These are general practices only and should in no way be construed as applying to every transaction in a particular category or range of products. Obviously, the more liberal credit terms should be considered only after the supplier has thoroughly satisfied himself as to the credit standing and moral responsibility of the consignee. Certainly, however, if competitors are offering liberal credit arrangements, such as acceptance terms, any U.S. supplier who insists on an L/C or even a sight draft, D/P, merely as a matter of conventional procedure and without even considering relying upon the established trustworthiness of the consignee, will be severely handicapped in his sales effort in Hong Kong.

Documents normally required for shipments to Hong Kong are a bill of lading, or an air waybill in

the case of air-freight or air-express shipments, and a commercial or certified invoice. A packing list is usually supplied as a service to the customer if a shipment consists of a number of heterogeneous articles. Certificates of origin, sanitary certificates, and other documents may be required in certain circumstances, particularly if Commonwealth origin of imported merchandise must be proved or if reexport from Hong Kong to certain countries is anticipated.

In addition to the documents required by Hong Kong there are, of course, the U.S. shipper's export declaration and a destination control notice required under U.S. law.

For further details on all shipping documents cited above, refer to the U.S. Department of Commerce publication, *Preparing Shipments to Hong Kong*, Oversea Business Reports 63-55, March 1963.

Labeling Is Desirable

There are no special labeling or marking procedures except for goods classified "dangerous." The descriptive labels of those goods must appear in both English and Chinese and must be affixed to the packages or containers either by the supplier or the importer. If the importer assumes responsibility for affixing the labels, the supplier should provide him with all appropriate details.

As a matter of course, labeling of all merchandise for consumption in Hong Kong is desirable, for it adds to sales appeal. Such labeling will usually include a description of the product and instructions for its use. To be most effective, these labels should appear in Chinese characters. Care should always be exercised in choosing labels not to offend local customs. A simple and distinctive trademark is always a great advantage.

False use of trade descriptions which may refer to

quantity, weight, origin, material, method of manufacture, patents, or copyrights of goods is prohibited. Penalties for violation include fines, imprisonment, and forfeiture of goods.

When packing for the Hong Kong market, the supplier must consider two sometimes conflicting demands.

First, the supplier must protect the merchandise against loss or damage in transit and during loading and unloading. He must protect from pilfering, crushing, salt-water corrosion, and prolonged exposure to the colony's high temperatures and extreme humidity in summer months. Thus, crates and boxes should be sturdy. Weatherproofing is essential when shipping substances that corrode and items that are likely to mildew, such as leather and woolsens. A grease coating or a similar protective material is essential for some metal goods.

Second, keeping in mind the need to keep prices low for sales to Hong Kong, the shipper must protect cargo at minimum expense for packing materials. He must also condense the shipment so as to cut down on those freight charges that are calculated on a measurement basis.

The experienced Hong Kong importer is usually in a good position to advise on packing methods, and he may in fact have some suggestions or even insist on a certain procedure.

As a general practice, instructions for handling should be expressed either in Chinese characters or self-explanatory symbols.

Business correspondence is normally conducted by airmail. Use of sea mail is not recommended owing to the long delivery time. Cables are freely used on appropriate occasions and the long-distance telephone service may also be advantageous at times. Postage, telegram, and telephone rates are given in appendix C. English is the usual language of cor-



respondence since most businessmen are familiar with it. As Hong Kong is a British Crown Colony, correspondence should be addressed to Hong Kong, not Hong Kong, China.

Office hours for business firms and shops under Western or Western-style management and for the Hong Kong Government are from 9 a.m. to 5 p.m., with an hour or so off for lunch. Chinese-managed firms frequently begin the day at 10 a.m. and work until 6 p.m. or later. Chinese shops normally open at 10 a.m. but do not close until 7 or 9 p.m.

Sundays and the following public holidays, with their approximate dates, are observed in Hong Kong. In addition, there are a number of other Chinese holidays or festivals observed by the Chinese community. Those holidays are based on the lunar calendar; they do not fall on the same Western-calendar date in successive years.

First weekday in January; Chinese New Year's Day (January or February); day following Chinese New Year's Day; Good Friday; day following Good Friday; Easter Monday; Queen's Birthday (April 26); Whit Monday (June); first weekday in July; first Monday in August; August 30; Chinese Mid-Autumn Festival Day (September); Third Monday in October; day following Remembrance Sunday (November); Christmas Day; December 26.

Weights and measures for which there are statutory standards in Hong Kong are those in common use in the United Kingdom. In addition, there are certain Chinese standards. The United Kingdom weights in general use are the long ton of 2,240 pounds; the hundredweight (cwt.) of 112 pounds; the quarter of 28 pounds; and the stone of 14 pounds. United Kingdom measures in common use are the imperial gallon (equal to 1.2 U.S. gallons), the imperial bushel (1.03206 U.S. bushels), and the British proof gallon (1.37053 U.S. proof gallons).

The Chinese weights and measures in common use and their equivalents are:

	<i>Ounces avoirdupois</i>
1 fan (candareen)	0. 0133
1 ts'in (mace)	. 133
1 leung (tael)	1. 33
	<i>Pounds avoirdupois</i>
1 kan (catty)	1. 33
1 tam (picul)	133. 33
	<i>Inches</i>
1 ch'ek (foot)	14. 65

The ch'ek is divided into 10 ts'in (inches) and each ts'in into 10 fan.

Hong Kong Standard time is 8 hours ahead of Greenwich Mean Time. Summer time, when clocks are advanced 1 hour, is in effect from the end of March to the beginning of November.

Hong Kong electricity runs on a.c. (alternating current), 50-cycle, 200 volts. The frequency is stable enough for the operation of electric clocks. Most hotels are equipped to operate American electric shavers. Electric wiring must conform to the BSS (British Standard Specification).

REPRESENTATION AND AGREEMENTS

Hong Kong is represented abroad politically by the Government of Great Britain. British Embassies and consulates usually have some general commercial and economic information on the colony. Except for Hong Kong Government trade offices in London and Sydney, Australia, the colony has no official overseas commercial representatives of its own. A trade office will be established in New York City in early 1964, to be sponsored jointly by the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries.

Most of the world's important trading countries are represented in Hong Kong by consulates-general, consulates, or trade commissioners.

The United States consulate-general (Congen) is located at 26 Garden Road, Hong Kong. Its economic and commercial section is fully equipped to assist American businessmen. The Congen should be a must stop for all American businessmen seeking contacts or information in Hong Kong.

The colony is either party to or the subject of several special agreements affecting its trade with the United States, including the China Trade Act and the Certificate of Origin procedural agreement. Hong Kong also is party to the agreements governing international trade in cotton textiles.

CHINA TRADE ACT

The China Trade Act of 1922, as amended, offers unique and unusual benefits for those American firms that set up operations in Hong Kong and that sell preponderantly American merchandise as a principal activity. The purpose of the act is to promote U.S. exports to Hong Kong, using as the major incentive a substantial tax saving. Thus, American firms who qualify for incorporation under the China Trade Act are entitled to relief, usually full exemption, from

U.S. corporate income tax on the profits derived from sales of American goods in Hong Kong. In addition, the stockholders resident in Hong Kong are exempted from U.S. personal income tax on the amount of dividend income they receive from the China Trade Act (CTA) corporation.

Three or more incorporators, a majority being U.S. citizens, may form a CTA corporation by complying with certain procedures established by the U.S. Department of Commerce. Incorporation is not limited to trading firms, and the Department is prepared to consider applications for manufacturing

enterprises using substantially American raw materials and capital equipment.

There are now in Hong Kong six active CTA companies engaged in soft-drink bottling and in importing and distributing American air conditioners and equipment, refrigerators and equipment, washers, dryers, diesel engines, scientific instruments, chemicals, and automotive parts.

Communications regarding the China Trade Act should be addressed to the Acting Registrar, China Trade Act, U.S. Department of Commerce, Washington, D.C., 20230.

CHAPTER VI

Market for Selected Commodities

The following analysis of market prospects for selected commodity groups is intended to provide some insight into the areas of opportunity which American suppliers can most effectively exploit, either in the short or long run, as well as those areas which appear to offer little or limited prospect for improvement. The analysis will consider the nature and needs of the ultimate consumer, whether industry or individual; the trend of imports during the 4-year period 1959-62; the U.S. share of the market; the principal competitors; and, wherever useful, any particular or unusual competitive factors, distribution methods, tastes, business customs, and/or economic developments which may have some bearing on the import pattern.

More detailed market information on individual commodities in Hong Kong may be obtained on request from the Far Eastern Division of the Bureau of International Commerce or the Business and Defense Services Administration (BDSA) of the U.S. Commerce Department, Washington, D.C., 20230.

Food products constitute a major and growing import in Hong Kong because of the rising population and the inability of local agricultural resources to meet demand. Of total imports, food products alone accounted for \$282 million, or 24 percent, in 1962. See table 29. At present, Hong Kong is self-sufficient only in fish production. The little that is grown on the farms, which is almost all consumed locally, covers only 20 percent by value of total annual food consumption.

The food processing capacity in Hong Kong is also limited. The colony has one large sugar refinery, with an average annual output of 60,000 long tons of sugar, and one large flour mill, with an annual average output of 45,000 long tons of flour. There were in 1962 a total of 458 registered and recorded manufacturing enterprises and 9,500 employees engaged in the processing or canning of food products. Many of these enterprises handle only Chinese-type foods.

There are probably well over 1,000 retail grocery stores in Hong Kong: many are small shops or stalls along innumerable narrow streets and alleys. These serve the Chinese population almost exclusively and carry only a few staple lines. The few large grocery stores are about half the size of a U.S. supermarket and cater to the foreign and wealthier class Chinese. They generally operate their own import departments and hold agency lines. The medium-size retailers, which are akin to the neighborhood grocery in America, employ about 4 to 10 salesmen each and carry fairly large stocks.

Since the population is 99 percent Chinese and has its own peculiar and renowned traditions and techniques of food preparation, Chinese-type foods are preferred. The foods are mostly obtained from Mainland China and Taiwan or from other nearby countries and sold in the many small shops or stalls. Rice, vegetables, and fish are the staples. If a choice is available and the price is favorable, fresh fruits, meats, and vegetables are preferred over the preserved or frozen varieties. However, preserved



CONSTRUCTION: Competitive, international bidding on Government jobs may lead U.S. contractors to establish themselves locally.

and frozen foods of all kinds are gaining in popularity, even among the Chinese, because of the convenience of ready-to-cook items and the increasing cost of hiring domestic servants to prepare the fresh foods. As the Chinese are also very brand conscious, they usually stay with a particular brand once they find it satisfactory even though the price may be higher. For this reason, there are not too many different brands of each grocery item in stock.

Despite the population makeup, Western-style foods are imported in significant quantities for the tourist trade and for the resident British, American, and other national groups. Most hotels and many restaurants serve food prepared in the Western style, and the principal grocery stores maintain stocks of all the well-known branded foods on their shelves. The United States, Australia, the Netherlands, the United Kingdom, and Canada are the main suppliers.

Overall, the United States has only 8 percent by value of the market for food products. This is so because some of the colony's principal food imports—live animals, cereals and cereal preparations, and sugar and sugar preparations—come overwhelmingly from neighboring Asian countries. However, U.S. suppliers' share by value of the market for meat and meat preparations is 30 percent; animal feedstuffs, 23 percent; fruits and vegetables, 22 percent; and miscellaneous food products, 19 percent.

Principal food items imported from the United States include canned vegetables and soups, canned fruits and vegetables, fruit juices, roasted coffee, frozen poultry and meats, dry skimmed milk, wheat spelt flour, canned crustacea and mollusks, fresh citrus and other fruits, confectionery, and miscellaneous food preparations.

It appears that U.S. suppliers of canned goods, in particular, are not presenting the food shoppers in Hong Kong with as wide a choice of price as Ameri-

can housewives in any U.S. supermarket. The American brands are almost exclusively the premium-priced lines. Virtually none of the brands are sold in the lower- or medium-priced range, including vegetables, fruits, fruit juices, preserves, condiments, meats. The high prices naturally produce some reluctance to buy on the part of Western homemakers in Hong Kong, many of whom are already acquainted with supermarket shopping in America or Europe. Even more reluctant are the Chinese who are only beginning to eat canned foods but who are unable or unwilling to pay premium prices. More could be done to expand sales of American foods with introduction of a wider variety of low- and medium-priced brands and with advertising campaigns based on free samples, 1-cent sales, or some other promotional technique.

Most food products are normally brought in by importers or wholesalers and, with or without the aid of a local agent, are distributed to grocery retailers, restaurants, hotels, and other food establishments. Some foods are imported by the large grocery retailers who import for their own account.

No import licenses are required for general provisions and no duties or special taxes are applied. However, licenses are required for imports of rice, sugar, and frozen meats; these foods are inspected for health reasons.

Alcoholic Beverages Imported

Although tea is the traditional Chinese drink and is still consumed almost exclusively in the cool seasons, cold soft drinks during the long hot spells from May through September are increasingly preferred by the younger Chinese. Sales of soft drinks are extremely brisk during these times, and no fewer than 11 different local bottling firms are competing for the business. Many of these firms

hold franchises of well-known American and British soft-drink manufacturers.

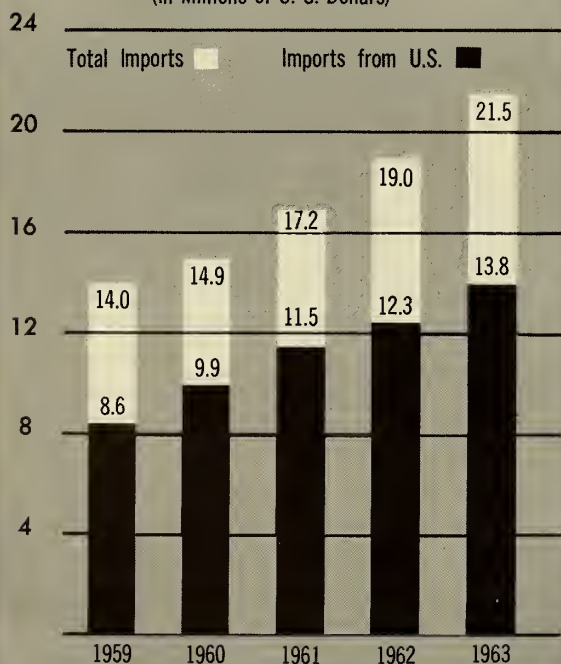
Except in periods of unusually severe water shortage, when production of water-intensive products may have to be curtailed, the local bottling industry, using imported concentrates and other ingredients, is fully able to meet all local requirements and also to maintain a sizable export trade. The market for imported soft drinks or other non-alcoholic beverages, excluding fruit juices, in bottled form amounted to only \$4,000 in 1962.

On the other hand, total imports of alcoholic beverages reached \$7 million in 1962, an increase of 43 percent over the \$4.9 million in 1959. See table 30. Imports from the United States in 1962 amounted to only \$162,000, or 2 percent of the total.

Tourists, servicemen, and the 50,000 European and American residents, rather than the Chinese, are the principal consumers of alcoholic beverages. Most Chinese are generally nonalcoholic drinkers, by virtue of custom, taste, and limited income; they prefer tea and soft drinks. Beer and Chinese-type distilled beverages and wines, mostly of rice base, are

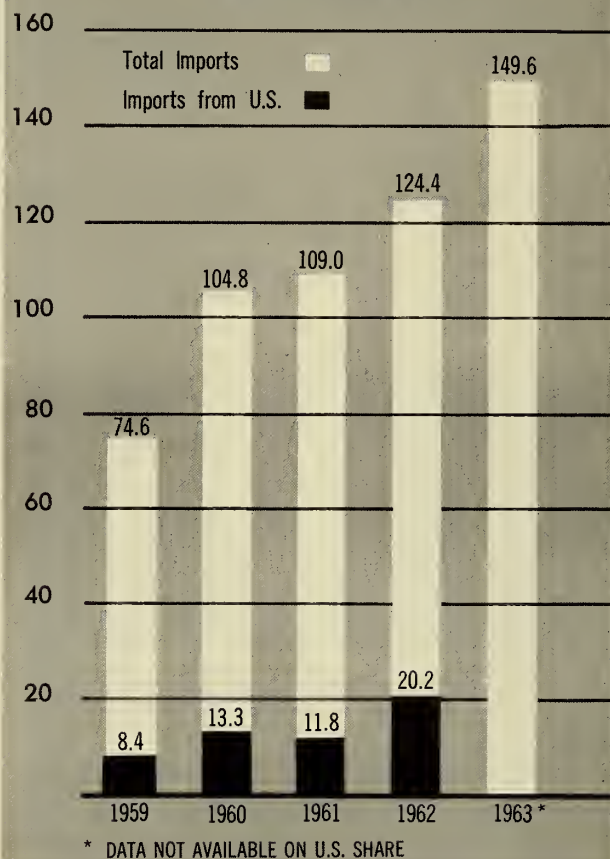
TOTAL IMPORTS AND IMPORTS FROM THE U.S. OF TOBACCO AND TOBACCO MANUFACTURES

(In Millions of U. S. Dollars)



TOTAL IMPORTS AND IMPORTS FROM THE U.S. OF MACHINERY AND TRANSPORT EQUIPMENT

(In Millions of U. S. Dollars)



the only alcoholic products which have a broad appeal among the Chinese. Beer produced locally by one brewery, with an output of over 3 million gallons a year, accounts for 70 percent of total beer consumption. Beer from Denmark, Mainland China, Japan, the United Kingdom, the Netherlands, and Germany accounts for most of the remainder. Beer from America was valued at \$46,200, or 3 percent of total beer imports of \$1.5 million in 1962.

Western-type liquor, wines, brandy, and liqueurs are not produced locally; the demand must be met entirely from imports. France is the dominant supplier of wines, brandy, and liqueurs while the United Kingdom is the principal supplier of whisky and gin. The United States is a negligible supplier of all these

items. However, it is believed that American suppliers could develop a considerable business.

Alcoholic beverages are usually distributed by established wholesalers, who sometimes operate as agents, to retailers or directly to the numerous restaurants, bars, and clubs which make up the glittering night life of the colony. As alcohol is a dutiable commodity, all importers and dealers of alcoholic beverages must have licenses issued by the Hong Kong Commerce and Industry Department. An import permit is required in order to bring alcoholic beverages into the colony and is issued only to licensed importers. The import duty rates are shown in appendix C.

American Tobacco In Demand

The market for tobacco and tobacco products in Hong Kong is flourishing, and the American varieties appear to be in greatest demand. Other important suppliers are Rhodesia-Nyasaland of leaf tobacco and the United Kingdom of cigarettes.

Hong Kong is now one of the largest manufacturing centers in the Far East for rolled tobacco, even though no tobacco is grown locally. In 1962, there were 4 cigarette and 2 cigar factories employing some 1,300 persons and producing about 50 different kinds of cigarettes and cigars. All leaf tobacco used in this production must be imported. Imports of leaf tobacco, valued at \$8.3 million in 1962, had increased by 85 percent since 1959 while imports from the United States rose by 110 percent to \$5.1 million. U.S. leaf tobacco thus held a healthy 62 percent of the total market in 1962, compared with 54 percent in 1959. See table 31.

Although Hong Kong is itself an important producer and exporter of American-type cigarettes and, to some extent, of cigars and pipe and chewing tobacco, American brands are nevertheless imported in rather large quantities. Of total imports of tobacco manufactures—chiefly cigarettes—in 1962, those purchased from U.S. suppliers accounted for 71 percent, or \$7.1 million. Local consumption of cigarettes is estimated at 15 million a day. A pack of American cigarettes sells for 16 cents to 19 cents in local shops, compared with 9 cents for the cheapest Hong Kong-made pack. This reflects the extent of brand consciousness and status buying characteristic of consumer goods purchases in the colony.

A few years ago, American-type cigarettes accounted for only 25 percent of local sales. Now, Virginia and burley tobaccos are used predominantly in local production while American cigarettes are

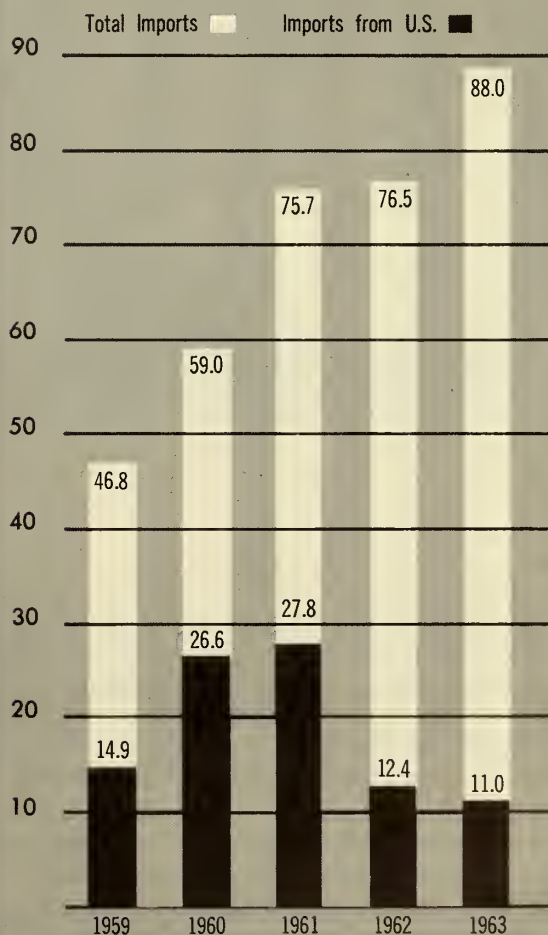
preferred nearly 3 to 1 over British or other European brands. Menthol and/or filter tips are not so prevalent in Hong Kong as in the United States.

Tobacco is one of the few dutiable commodities in Hong Kong. The duty is levied purely as a source of revenue. Current rates are shown in appendix C. Preference is granted to tobacco and tobacco products from Commonwealth countries.

Tobacco products are generally imported by authorized importers and distributed through agents and/or wholesalers to retailers. Most of the manufacturers import their own leaf tobacco, either directly from the supplier or through a local agent on indent. All manufacturers, importers, whole-

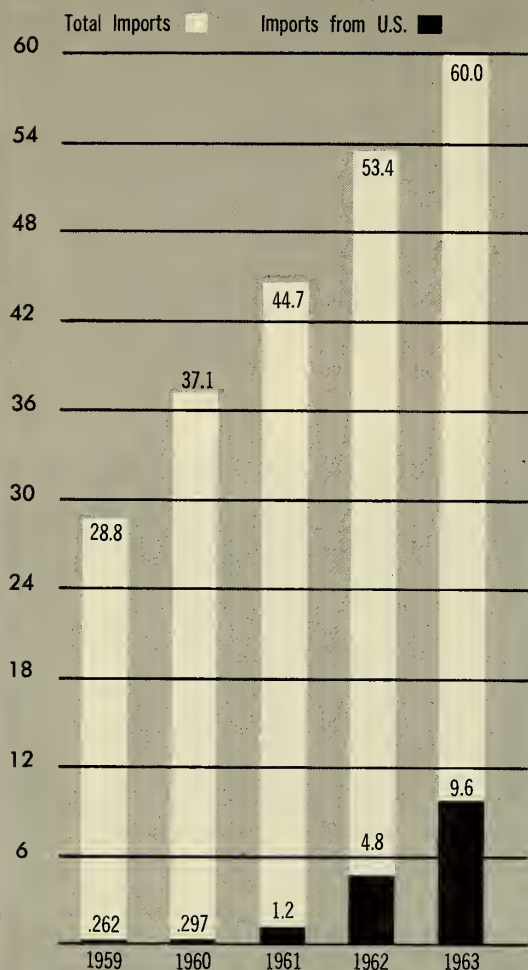
TOTAL IMPORTS AND IMPORTS FROM THE U.S. OF TEXTILE FIBERS

(In Millions of U. S. Dollars)



TOTAL IMPORTS AND IMPORTS FROM THE U.S. OF JEWELRY

(In Millions of U. S. Dollars)



salers, and retailers dealing in tobacco or tobacco products must be licensed.

Colony Must Import Mineral Fuels

Hong Kong requires large quantities of petroleum and petroleum products to sustain its sizable shipping and aviation needs. It also requires coal and coke for use by the shipbuilding and shipbreaking industries, the forging plants, and the Hong Kong & China Gas Co. Since the colony does not produce petroleum, coal, or coke, and has no oil refinery, it must import all mineral fuels. Imports of these items were valued at \$41 million in 1962, or 3.5 percent of total Hong Kong imports. See table 32.

Fuel oil, diesel oil, kerosene, aviation turbine fuel, coal, gasoline, and gas oil are the colony's principal

imports of mineral fuels and alone accounted for \$36 million, or 87 percent, of total imports of mineral fuels. These products are supplied largely by British and American oil companies that operate in Indonesia, Malaya, and the Middle East.

The American products in the market are confined largely to lubricating oils and, to a lesser extent, lubricating greases. Excluding these two items, the United States accounted for less than \$97,500, or 1 percent, of overall mineral fuel imports in 1962.

It is unlikely that the direct U.S. exports to Hong Kong will increase. Imports, for the most part, will continue to come primarily from British-owned oil companies in the Middle East, since Hong Kong is a British Colony, and from those U.S.-owned oil companies that are located in Asia and the Middle East rather than direct from the United States. The two American petroleum supply firms in Hong Kong normally import from Middle Eastern sources unless adverse political developments in those countries cause a shift to the United States as a supply source.

All petroleum products are dutiable and may only be imported by licensed dealers under an import permit. In addition, certain petroleum products are regarded as dangerous goods and also require an import license.

Of Oils, Fats, and Chemicals

Hong Kong, a negligible producer of oils and fats, must rely almost entirely on imports for the bulk of its needs. The demand is principally for soybean, peanut, and tung oil. Those three oils account for 93 percent of total imports of oils and fats. See table 33. Although the colony's overall market amounted to \$16.8 million in 1962, only soybean oil is obtained from the United States. Thus, excluding soybean oil that was valued at \$9.1 million in 1962, Hong Kong's total imports of oils and fats were valued at \$9.5 million in 1962. Of that total, the United States supplied only \$95,900, or 1 percent.

The principal suppliers of oils and fats to Hong Kong are mainland China, which accounts for most imports of vegetable oils, particularly tung oil; Japan, second to the United States in soybean oil; and South Africa and India, peanut oil.

Hong Kong is a prodigious importer of chemicals and chemical products. A rapid increase in imports, which was clearly evident in the past few years, is expected to continue. In 1962, total imports of chemicals and chemical products were valued at

\$97.6 million—exceeded only by imports of food-stuffs, textiles, and machinery—, or an increase of 42.3 percent above the \$68.6 million of 1959. See table 34.

Hong Kong's chemical industry is not a significant producer and has little import-substitution value. Thus, as in other fields, the colony depends on imports to meet the growing requirements of health and sanitation (medicinal and pharmaceutical products, insecticides), of adornment (cosmetics, perfumes), and of export industries utilizing chemical raw materials (plastic molding compounds, chemical elements and compounds, and dyeing and coloring materials). Among the important industries using imported chemicals are plastic flowers, toys, and dolls; textiles; metalware; pharmaceuticals; and paints.

The domestic chemical industry consists of some 125 registered firms—

- 14, basic industrial chemicals, including fertilizers
- 3, dyes
- 11, paints and varnishes
- 7, cosmetics
- 37, medicines and pharmaceutical products
- 53, other chemical products.

In 1962, the industry exported goods valued at \$9.8 million and employed 3,519 persons. Included among the chemicals produced locally are monosodium glutamate, sodium silicate, sulfuric and hydrochloric acids, and sodium hydrochloride. Other manufactures include toothpaste, soaps, and perfumes, printing ink and pigments, matches and firecrackers, essential oils, candles, and camphor cubes.

On the whole, U.S. suppliers are doing well in the chemicals market, having sold \$24.8 million worth of chemicals and chemical products in 1962, or 26 percent of the colony's total chemicals market in that year. This represented an increase in U.S. sales of \$8.8 million above the 1959 total of \$16 million, or an increase of 54 percent. The United States is Hong Kong's leading supplier of plastic molding compounds, medicinal and pharmaceutical products, and cosmetics, toilet preparations, and detergents. These products alone accounted for \$51 million, or over half, of the colony's total chemicals imports in 1962, and the United States supplied goods worth \$20.7 million, or 41 percent.

In other chemical fields, however, U.S. suppliers have limited representation and held less than \$4.2 million, or 9 percent, of the remaining import market of \$46.7 million in 1962. More specifically, the

United States sold only \$455,000, or 3.8 percent of the market for dyeing and coloring materials; \$8,000, or 3.9 percent of the market for chemical fertilizers; \$1.4 million, or 7.7 percent of the market for chemical elements and compounds; and \$1.9 million, or 15.5 percent of market for explosives and miscellaneous chemical products.

Opportunities for larger sales of American chemicals and chemical products are excellent. Specific American chemicals already in wide use, and for which import requirements will undoubtedly increase as a result of industrial expansion and population growth, are vitamins, pharmaceutical products, cosmetics, dentifrices, toilet preparations, synthetic detergents, polystyrene and styrene copolymers, polyethylene molding compounds, cellulose film, sporting ammunition, dehydrated and granular sodium borate, dioctyl phthalate, and pearl essence. These are all products in which the United States holds a substantial market share.

Increased penetration in those commodities in which the United States has a small market share, as noted in table 34, is also believed possible if adequate attention is given to sales promotion.

The principal competition in the chemicals field comes from the United Kingdom in pharmaceuticals, toilet preparations, polyethylene molding compounds and polystyrene and styrene copolymers, coal tar dyestuffs and paints, and miscellaneous chemical compounds and chemical products; from Japan in miscellaneous chemical elements and compounds, polyethylene molding compounds, and plastic film tubes and sheets; from West Germany in chemical fertilizer, coal tar dyestuffs, and miscellaneous chemical elements and compounds; from Canada in polyethylene molding compounds and polystyrene and styrene copolymers; from Italy in antibiotics; from the Netherlands in coal tar dyestuffs; and from Macao in fireworks. The strong position of Canada and the United Kingdom as suppliers of plastic molding compounds probably derives from the Commonwealth preference since Hong Kong exports plastic flowers, toys, dolls, buttons, and other finished plastic articles to Commonwealth countries.

Some chemicals are regarded as either strategic or dangerous by Hong Kong authorities, and import licenses for those specific items are required. There are no quantitative import restrictions.

For additional information on medicines and pharmaceuticals, see Chapter II.

A moderate but rather static demand exists for leather and leather products, primarily for footwear but also for belts, wristwatch bands, luggage, wallets, purses, and handbags. In 1962, there were 67 registered and recorded factories with 1,297 workers engaged in the manufacture of leather footwear and 30 other factories with 259 workers producing miscellaneous leather products. There are no factories manufacturing medium or high quality leather in Hong Kong and only a few small ones producing low grade leather. Consequently, all leather as well as hides and skins for processing in the few tanneries must be imported.

Total imports in 1962 of hides and skins and of leather and leather manufactures amounted to \$5.9 million. See table 35. As the colony's leather products industry becomes more geared for export, it is likely that raw material requirements will increase. The U.S. share of the market in 1962 was 19 percent, and American suppliers are active in nearly every leather product, particularly upper leathers. Other important suppliers are West Germany, the United Kingdom, and Malaya for upper leathers, and Australia for sole leather.

Synthetic Rubber From United States

The manufacture of rubber goods is one of Hong Kong's oldest and largest industries. Rubber footwear, latex products, and rubber sundries are produced. Rubber rolling and tire retreading are also done. In 1962, there were 159 factories making rubber goods and employing 8,299 persons, of which 114 factories and 7,376 persons alone were manufacturing rubber footwear.

Since crude rubber is not produced locally, the industry depends entirely on imports. Imports of crude rubber in 1962 amounted to \$3.7 million. Raw rubber comes from Malaya and North Borneo; synthetic rubber, from the United States, the United Kingdom, and Canada. Synthetic rubber is gaining in favor among Hong Kong manufacturers because of the unstable market price for crude rubber. United States suppliers stand to benefit from such a trend.

In addition to the market for crude rubber, there is also a small but gradually rising market for semi-finished and finished rubber products that are not produced in the colony, such as rubber tires and tubes for motor vehicles and bicycles and various rubber fabricated materials. Total value of these imports and of other rubber products amounted to some \$3.5 million in 1962, of which the United States supplied \$560,000, or 15 percent. Although total

imports of rubber products have been increasing and there may be some prospects for boosting U.S. sales, the overall amounts of increase in the near future are unlikely to be very significant. See table 36.

Rubber and rubber products are regarded as strategic commodities, which require import licenses but are not restricted.

Manufactured Wood Products

Hong Kong's total imports of wood, cork, and manufactures amounted to \$14.9 million for the raw products and \$4.7 million for the manufactures in 1962. See table 37. However, the United States is selling virtually none of these items in Hong Kong even though the colony's principal users of raw, semifinished, and finished wood and cork products—the lumber processing industry and, to a lesser extent, the construction industry—are thriving. United States sales of the raw products and of manufactures in 1962 were valued at only \$109,000 and \$25,200, respectively.

Among the more significant reasons for the negligible U.S. sale of unmanufactured wood in Hong Kong is the fact that neighboring Southeast Asian countries—particularly Malaysia and the Philippines—are traditional suppliers of the region.

As for manufactured wood and cork, Japan and Mainland China are the dominant suppliers of plywood and miscellaneous wood manufactures, which alone accounted for 77 percent (\$3.8 million) of total manufactured wood imports in 1962. The remaining market is too narrow and static to offer much in the way of additional sales potential for American suppliers.

Paperboard from America

Hong Kong's chronic water shortage makes it unfeasible to establish papermills; consequently, pulp is not imported. Only negligible amounts of paper and paper products are made locally. Virtually all of Hong Kong's substantial needs for its flourishing printing and publishing industry, the principal consumer of paper and paper products, must be imported. Total imports, including waste paper, were valued at \$27.5 million in 1962 or, an increase of 35 percent over that in 1959. See table 38.

Although imports of paper and paper manufactures are increasing and will probably continue to do so, American participation in the market has been confined largely to paperboard. Of the principal imports other than paperboard—printing and writing paper in rolls and sheets, newsprint paper in rolls



GOVERNMENT HOUSING: Seven-story buildings like these now house more than 360,000 persons at \$1.60 to \$4.60 a month for a flat.

and sheets, and packing and wrapping paper—which amounted to \$12.1 million, the United States supplied only \$227,500, or 1.9 percent. The United States is, however, the second largest supplier of paperboard, which is now Hong Kong's leading and fastest growing import in this category. Americans are the chief supplier of waste paper and cigarette paper, but the total value of these items is rather small.

High prices for certain types of better quality paper manufactured in the United States make difficult the introduction of those papers into the local market; consequently, substitutes from other countries have been found. Mainland China, Japan, and Scandinavia are by far the dominant suppliers of paper and paper manufacturers to Hong Kong, followed by the United States, the United Kingdom, and Taiwan.

Most of the local paper agents for Scandinavian and Japanese suppliers do their business on an indent basis. Delivery usually takes 45 days from Japan and 4 to 6 months from other countries.

Textiles are Tops

Textiles are the largest and most important industry in the colony. They accounted in 1962 for \$304.2 million, or 52 percent, of Hong Kong's total exports of local manufactures and 121,912 workers, or 41 percent of total employment. The industry carries out the spinning of cotton, rayon,

silk, and woolen yarns; weaving, knitting, dyeing, and printing and finishing of piece goods; and the manufacture of all kinds of garments and made-up articles.

In the industry, the cotton sector is most important. Operating capacity in the cotton textile industry at the end of 1962 included about 625,000 spindles and 19,900 looms. Production then amounted to 250 million pounds of all counts of cotton yarn, ranging from 10s. to 60s. carded and combed in single and multiple threads, and 510 million square yards of cotton piece goods. The manufacture and processing of wool, silk, and manmade fibers are much less important. Some of the major items produced, excluding garments, are silk and rayon brocades, woolen piece goods, tapes, military webbing, lace, mosquito netting, and carpets and rugs.

An almost unlimited range and variety of garments are manufactured, largely for export, of which shirts are the most important. Embroidered blouses, underwear and nightwear, and silk and brocade house and evening coats are also produced, largely for export to quality markets. Custom tailoring of men's suits has helped to give Hong Kong its worldwide reputation. The colony's knitting mills produce towels, underwear and nightwear, swimsuits, gloves, sweaters, socks, and stockings in cotton, silk, wool, rayon, and other fabrics.

The dyeing, printing, and finishing sections of the industry have not developed as rapidly as the other

sectors, partly because of the scarcity of water. The industry is mostly confined at present to multicolor roller and screen printing, preshrinking by several processes under license, and polymerizing for the production of drip dry fabrics. The finished piece goods are exported while the cloth is largely used by the local garment industry.

The machinery used in the textile industry comes principally from West Germany, the United Kingdom, Japan, and, in some cases, from the United States.

Since there are no commercial growers of fibers in Hong Kong, the industry relies exclusively on imported fibers—chiefly raw cotton. Imports of fibers were valued at \$76.5 million in 1962. See table 39. Moreover, even though the colony is itself one of the world's leading producers of yarn and fabrics, imports of these items for use in the large and dynamic garment industry amounted to \$140 million in 1962. The combined imports of fiber, yarn, and fabric were valued at \$216.5 million in 1962, or 71 percent of the value of the exported finished products—the yarn and fabric, made-up articles, and clothing.

In addition, Hong Kong, which excels in the manufacture and export of clothing and other textile consumer goods, is also a fairly substantial importer of these products for local consumption. Imports of clothing in 1962 were valued at \$17.4 million while imports of other made-up articles amounted to \$29.1 million.

It is clear that the market for textile raw materials as well as textile consumer goods in Hong Kong is extremely large. At the same time, it is also a rapidly growing market which should provide many opportunities for aggressive U.S. suppliers.

Of total fiber imports in 1962, raw cotton purchases accounted for 78 percent. See table 40. Except for wool tops, cotton is the only important fiber import. It is also virtually the only fiber which U.S. suppliers have been able to supply. Part of the other fiber imports—silk, hemp, jute, ramie—are supplied by Asian countries. Manmade fibers appear to be catching on gradually, but as of 1962 the import market was still quite limited.

American raw cotton has always enjoyed a high preference in Hong Kong and can probably dominate the market along with Commonwealth origin cotton when U.S. prices are competitive with those of other principal suppliers. Since the beginning of 1962, however, U.S. prices have been substantially higher than those of competitors. The U.S. share, accordingly, of the raw cotton market fell sharply

from \$26.6 million, or 53 percent, in 1960 to \$12.3 million, or 16 percent, by the end of 1962. Brazil, whose raw cotton sales to Hong Kong increased from \$1.8 million to \$15.4 million during the same period, has been the principal beneficiary of the U.S. decline although imports from Mexico and Burma have also risen sharply.

Commonwealth cotton—Tanganyika, Uganda, Kenya, Nigeria, Pakistan, and India—enjoys special privileges in the Hong Kong market, regardless of price differentials, under the Commonwealth preference system. These privileges will continue as long as that system remains in effect, since the colony depends on duty-free entry into Commonwealth countries of its large cotton textile exports. Hong Kong's imports of Commonwealth-grown raw cotton amounted to \$21.4 million in 1962, or 36 percent of market, compared with \$17.9 million in 1960.

The most popular American staples appear to be those of strict low middling—SLM of the $\frac{1}{16}$ inch to 1 inch specifications. A development which may lead to increased demand for U.S. raw cotton is the growing tendency of local producers to specialize in the spinning and weaving of higher quality yarn, those in 60/60 counts, for the high-priced markets overseas.

\$1.2 Million of Cotton Fabrics

Total imports of yarn in 1962 were valued at \$22.9 million. See table 41. Virtually nothing—only \$41,000 worth—came from the United States. Nor is it likely that U.S. yarn can be sold in Hong Kong or, indeed, elsewhere in the Far East. The United States itself is a large importer of yarn from the same countries that sell yarn to Hong Kong. Woolen yarns are chiefly imported from Japan; cotton yarns from Japan and Taiwan; and yarns of manmade fibers from Taiwan, Japan, and the United Kingdom. Taiwan and Japan are able to supply quality yarns at low prices while the United Kingdom's position is probably supported by Commonwealth preference. These factors inhibit prospects for U.S. sales of yarn in Hong Kong.

Total imports in 1962 of textile fabrics were valued at \$117 million. See table 42. Cotton fabrics alone accounted for nearly half—\$55.5 million—of those imports. Japan and mainland China are the dominant suppliers of cotton fabrics. The United States exported only \$1.2 million, or 2.2 percent of total, of the cotton fabrics in 1962, half of which were miscellaneous fabrics, not grey. The United States also sold negligible quantities of silk fabrics and knitted fabrics but no woolen fabrics.

Excluding fabrics produced from manmade fibers, of which the United States is an important supplier, the United States accounted for only \$1.5 million, or 1.7 percent, of the remaining imported fabrics totaling \$89.1 million.

United States opportunities for the sale of textile fabrics are and will continue to be confined primarily to fabrics of manmade fiber—chiefly rayon, polyester-base, and polyester blended fabrics—for use in the garment industry. Hong Kong's total imports of such fabrics have risen sharply in the past few years. Imports of rayon fabrics rose from \$15.2 million in 1959 to but \$16 million in 1962 while imports of the other fabrics increased from \$2.8 million to \$11.9 million, or 325 percent.

Japan, the United States, and the United Kingdom are the principal suppliers of fabrics produced from manmade fibres. Best opportunities appear to be for American polyester-base fabrics. Local firms in the tailoring business are convinced that the U.S. polyester fabrics are superior in quality to the equivalent fabrics from Japan or the United Kingdom. For men's summer suits, a polyester and wool blend from the United States is preferred not only by local tailors but also by the many thousands of customers who come specially to Hong Kong to have their suits custom-made at bargain prices.

Although Hong Kong imports fairly large quantities of textile made-up articles, few are of the type which American manufacturers are likely to make or attempt to sell abroad. Textile made-up articles worth \$29.1 million were imported in 1962, but only \$860,000, or 3 percent, of them came from the United States. See table 43. Again, as in the case of yarn and fabrics, the bulk of these imported items came from mainland China and Japan and included, chiefly, cotton and linen table damasks, cotton towels, blankets and quilts, rubberized elastic fabrics, and cordage.

Even though Hong Kong is itself one of the world's largest manufacturers and exporters of clothing, it offers a lucrative and growing market for a wide variety of imported garments and wearing apparel. Imports of clothing were valued in 1962 at \$17.4 million, compared with \$11.6 million in 1959, or an increase of 50 percent. See table 44. There are several reasons for the existence of a large import market for clothing in Hong Kong. Chief among these reasons are, first, the fact that the colony's garment industry is heavily export oriented and pays little attention to the local market. Second is the fact that consumers of clothing in Hong Kong are extremely brand conscious, and, when they can afford

it, they much prefer to buy Western brand merchandise instead of an equivalent local product.

Mainland China, Japan, the United States and the United Kingdom are the principal suppliers of clothing. However, mainland China's sales, although considerably larger in value than the other suppliers', consist mainly of cheap and coarse cotton items, such as underwear and shirts that are worn by manual laborers and low income groups. Japan, the United States, and the United Kingdom cater to the lower, middle, and higher income groups who are more status-conscious when they buy clothing.

Opportunities are excellent for enterprising American suppliers who are willing to introduce new and appealing products and to promote them with an aggressive sales campaign. In 1959, American clothing accounted for \$1.4 million, or 12 percent, of total clothing imports. By 1962, imports of American clothing had more than doubled to \$2.9 million, or 17 percent, of the market. The owner of the Shui Hing Co., Ltd., a leading Hong Kong department store which specializes in American and Italian merchandise, believes that there is great potential in the colony for increased sales of U.S. lingerie, hosiery, sportswear, sweaters, dress hats, ties, shirts, swimsuits, housecoats, and even ready-made suits and dresses. The emphasis should be on introducing products which are not now marketed in Hong Kong, such as the light and inexpensive cotton dresses found in any department store in the United States.

Clothing is probably best distributed through local agents who are not already overburdened with other lines, who have broad contacts among the major retailing establishments, and who can effectively advertise and promote the product. Some of the large retailers, however, will also order directly from abroad, usually through a purchasing agent in the country of origin.

It is essential that clothing orders be delivered promptly and, particularly, that seasonal merchandise be delivered prior to the season's opening. Wherever possible, liberal credit arrangements should be considered. Some American suppliers are known to insist that a letter of credit be opened before they will even start production of the items ordered. Shipping clothing from stock is more desirable than making up each new order on a case-by-case basis, from the Hong Kong buyer's point of view.

Tableware Promotion Needed

Hong Kong imports large and increasing quantities of nonmetallic mineral manufactures and a few



AIRPORT: Aircraft up to 200 tons can land and take off.

crude minerals, chiefly for use in the booming building and construction industry. Imports of the manufactures totaled \$23.1 million in 1962, compared with \$17.2 million in 1959. See table 45. Cement, tiles, and sheet glass are the principal imports; they accounted for \$12.2 million, or 53 percent, of total imports of nonmetallic mineral manufactures in 1962. The only other important group of imports in the category were tableware products of porcelain and glass. These amounted to \$3.1 million in 1962, but show no particular tendency to rise. The remaining imports of the manufactures are negligible and offer little potential for expansion.

Some crude nonmetallic minerals are also imported—chiefly industrial stone—but amounted to only \$1.5 million in 1962.

The U.S. share of the market for nonmetallic minerals and manufactures was but 2 percent of total in 1962. Mainland China and Japan are by far the principal suppliers, with \$16.6 million, or 68 percent, of total sales of \$24.5 million in 1962.

United States export prospects for items used in the construction industry are limited because those items are almost all available either locally or from neighboring countries. Conceivably, some improvement is possible in the consumer goods field, notably glassware and other tableware, if more and attractive American products were introduced and promoted.

U.S. Sells Diamonds to Hong Kong

The prevalence of well-stocked jewelry stores throughout Hong Kong Island and Kowloon is predominantly an outgrowth of burgeoning tourist demands, although the jewelry industry is also fast becoming a thriving export business. Few tourists who come to the colony are able to resist the enormous appeal of the wide variety of jewels displayed so profusely and attractively in Hong Kong's innumerable sidewalk stalls and fashionable shops.

Since no gems or precious metals of any kind are produced in Hong Kong, the jewelry industry is entirely reliant on imported gems which are cut and/or set in imported metals by expert local lapidaries and jewelers. Diamonds, jade, and pearls are by far the most popular among the precious gems. Other stones in demand are rubies, emeralds, and sapphires, followed by aquamarine, topaz, amethyst, and zircon. There is also an active trade in synthetic stones, particularly in synthetic emeralds, alexandrites, and spinels. The type of metal used for the manufacture of settings and mountings is chosen to match the stone.

Trade data attest to a remarkable upsurge in Hong Kong's imports of jewelry in recent years. Total imports rose from \$28.7 million in 1959 to \$53.4 million in 1962, or 86 percent, of which cut, polished, unset diamonds alone accounted for \$47.4 million, or 89 percent, of the total. See table 46. However, aside from the diamonds, U.S. suppliers are selling almost no jewelry in Hong Kong. Excluding diamonds, the colony imported \$5.9 million worth of jewelry of which only \$525,000 came from the United States chiefly as miscellaneous wares of goldsmiths and silversmiths and imitation jewelry. Japan, mainland China, West Germany, and Italy are the leading suppliers of jewelry other than diamonds, while Belgium, South Africa, Israel, the United States, and the United Kingdom are the principal suppliers of diamonds.

The importation of gold in the form of bars requires approval of the exchange controller of the Hong Kong Government. Any diamonds or gold as an ingredient or component of ornamental articles or jewelry may be imported with an import license,

provided the gold content does not exceed 18 karats, subject also to the approval of the exchange controller. No duties apply.

Base Metals Market

Hong Kong is a heavy and increasing importer of ores and metals, which are consumed principally by the metalworking and metalware industries and the construction industry. In 1962, imports of ores and scrap worth \$4.1 million and of worked and unworked base metals worth \$49.1 million were up 76 percent and 37 percent, respectively, above their 1959 import values. See table 47.

The colony produced 112,000 long tons of iron ore in 1962. It also recovered iron and steel scrap from shipbreaking. Hong Kong has only limited capability in the metalworking industry, so that the bulk of its requirements for worked and unworked metals are imported. There were 22 steel-rolling mills and 33 factories making brass sheets and other brass products in the colony in 1962, employing a total of 2,300 persons. Locally produced and some imported scrap metals are the raw materials used in the steel mills. The volume of local steel production does not appear to justify the operation of large coke-burning blast furnaces. There are no galvanizing plants, ornamental iron and steel plants, or nonferrous metal refineries.

The principal imports of ores and metals have been iron and steel bars, blackplate of 29 British gage and lighter; unwrought aluminum; brass sheets and strips; iron and steel joists, girders, and angles; iron and steel tubes and pipes of 6 inches NB and lighter; iron and steel wire; uncoated iron and steel plates of $\frac{3}{16}$ inch thickness; and tinplate waste.

American suppliers, who are selling scrap and worked metals to several other countries in the Asian region, notably Japan, are doing very little in the Hong Kong market. Of the colony's ores and scrap imports in 1962, the United States supplied only \$117,727, or 3 percent. Of total imports of worked and unworked base metals, the United States supplied only \$2.9 million, or 6 percent. Moreover, of that \$2.9 million from the United States, \$2.2 million, or 75 percent, comprised blackplate and tinplate. If these two items are excluded, U.S. trade in base metals amounted to less than 2 percent of the total in 1962.

Japan is the dominant supplier, with sales valued at \$17.7 million, or 33 percent of market, in 1962, followed by the United Kingdom with \$13.7 million. Mainland China and Australia supplied miscellaneous metals and Canada, unwrought aluminum.

Import licenses are required for those imported metals regarded as strategic, but the licenses are granted freely.

Manufactured Metals Market

The market for imported metal manufactures is fairly substantial in dollar value but limited in range of commodities owing to Hong Kong's own rising productive capability in this field. There is no accurate way of gauging the extent to which locally produced metal products satisfy the colony's needs, but it is clear that Hong Kong's own exports of these products greatly exceed its imports.

In 1962, there were 845 registered and recorded factories with 31,251 workers producing a wide variety of metal products, including nails, nail clippers, screws, hinges, hammers, nuts and bolts, locks, aluminum pots and pans, kerosene stoves, pressure heaters, cutlery, and plumbing equipment. In addition, Hong Kong also produces and exports large quantities of enamel and aluminum cooking utensils. Only the textile industry is larger in terms of number of factories and workers.

Even though metal products are being made locally, there will undoubtedly be an increasing demand for certain kinds of imported items, such as window and door frames, plumbing fixtures, door-knobs, and locks and keys.

Total imports of metal manufactures in 1962 amounted to \$14 million, or \$3.5 million above that in 1959. Locally produced exports were valued at \$23.6 million in 1962. Principal imports in this category are window and door frames, hand tools and implements, nuts, bolts, screws, nails, and cutlery. Import value of each of these items was over \$1 million in 1962. See table 48.

There is considerable room for improvement of American sales. Imports from the United States amounted to only \$1.5 million in 1962.

Nearly half, or \$5.6 million, of total imports in this category came from the United Kingdom in 1962. Japan fared slightly better than the United States with sales of \$1.9 million in that year.

Machinery and Transport Equipment

The market for imported machinery and transport equipment is substantial and is the fastest growing of all the commodity groups. Including the three major subgroups—nonelectric machinery, electrical machinery, and transport equipment—imports rose from \$74.7 million in 1959 to \$124.4 million in 1962, or 67 percent. See table 49.

Of total value of imports of machinery and trans-

port equipment in 1962, nonelectric machinery accounted for 41 percent; electrical machinery, 35 percent; and transport equipment 24 percent. The demand is almost certain to expand in all three fields. At a time when construction activity and existing industries are expanding, the development of new industries, as yet hardly begun, is about to enter the active stage. Since Hong Kong has a rather limited domestic production of machinery and transport equipment, the burgeoning needs for these items will have to be supplied largely from abroad.

Sales Promoted Well

U.S. suppliers have done remarkably well in promoting sales of American machinery and transport equipment. U.S. sales of all three machinery groups more than doubled from only \$8.4 million in 1959 to \$20.3 million in 1962. Excluding electrical machinery, of which U.S. sales increased by only \$525,000 in the 4-year period, Hong Kong's imports from the United States of nonelectric machinery and transport equipment rose by over \$11.2 million, or 150 percent.

The U.S. share of the machinery and transport equipment market except for electrical machinery has risen substantially since 1959. In that year, the U.S. share was 11 percent compared with 16 percent in 1962. During the same period, the U.S. share of nonelectric machinery increased from 17 percent to 25 percent of the market and the U.S. share of transport equipment market increased from 14 percent to 19 percent. Largely because of British

specifications, U.S. sales of electrical machinery constitute only 3 percent of the market.

American machinery and transport equipment, therefore can sell competitively in Hong Kong when properly introduced to the market. What was only 11 percent of the market in 1959 and 16 percent in 1962 could very well become 25 percent or more within the next few years with an aggressive response to opportunities and stiff competitive factors.

The principal competitors in the machinery and transport equipment field are the United Kingdom, Japan, and West Germany. Their share of that market in 1962 was, in percent: 39, 21, and 9, respectively. The U.S. gains in nonelectric machinery have come at the expense of Japanese suppliers, who as late as 1960 held over 31 percent of the nonelectric machinery market, but only 15 percent in 1962.

There appears to be considerable opportunity for improving U.S. sales of power generating machinery other than aircraft engines and parts; metalworking machinery; office machines; household appliances; and machinery used in specific industries, such as textiles, food processing, printing, and construction. Progress will be much more difficult in the electrical machinery field, particularly for generators, motors, and transformers incorporating British electrical standards.

Hong Kong licenses are not required for imports of machinery and transport equipment except for those items regarded as strategic, which nevertheless may be brought in without restriction. Machinery and transport equipment are usually marketed through distributors who are equipped to demonstrate, install, and service the goods.

Table 1.—Import and Reexport Trends, 1959–62 and First 6 Months of 1963¹

[US\$ millions, rounded]

Item	1959	1960	1961	1962	January to June 1963	Percent change ² 1961 to 1962 ²	Percent change ² 1959 to 1962
Imports, total....	866	1,026	1,045	1,165	624	+12	+35
Imports from							
United States....	91	126	128	139	67	+9	+53
Reexports.....	174	187	173	187	98	+8	+7
Retained imports....	692	839	871	978	526	+12	+41

¹ Data do not account for transshipment trade through Hong Kong. This trade is known to be sizable but not reported.

² Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959, December 1960, December 1961, December 1962, and June 1963*, Hong Kong.

Table 2.—Hong Kong Imports From Principal Suppliers, 1959–62 and First 6 Months of 1963

[US\$ millions, rounded]

Item	1959	1960	1961	1962	January-June 1963	Percent change ¹ 1961 to 1962	Percent change ¹ 1959 to 1962
Total.....	866	1,026	1,045	1,165	624	+12	+35
Mainland China....	181	208	180	212	115	+18	+17
Japan.....	135	165	151	192	101	+27	+42
United States.....	91	126	128	139	67	+9	+53
United Kingdom....	100	116	132	133	75	(²)	+33
Thailand.....	34	36	45	53	24	+18	+56
Australia.....	23	24	26	34	15	+30	+48
West Germany.....	24	32	33	33	16	+2	+38
Switzerland.....	20	25	27	30	14	+8	+50
Malaya.....	22	24	25	25	16	+2	+14
Taiwan.....	18	22	27	24	16	-12	+33
Belgium.....	13	15	18	23	13	+30	+77
Netherlands.....	19	20	21	23	11	+9	+21
Italy.....	10	12	14	18	10	+31	+80
Others.....	176	201	218	226	131	+4	+28

¹ Percentages based on Hong Kong figures.

² Less than 1 percent.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959, December 1960, December 1961, December 1962, and June 1963*, Hong Kong.

Table 3.—Composition and End Use of Imports, 1959–62

[US\$ millions, rounded]

Item	1959	1960	1961	1962	Percent change 1961 to 1962 ¹	Percent change 1959 to 1962 ¹
Foodstuffs:						
Imports.....	232	252	261	300	+15	+29
Reexports.....	38	36	38	50	+32	+32
Retained imports.....	195	216	223	250	+12	+28
Consumer goods:						
Imports.....	173	213	235	261	+11	+51
Reexports.....	45	53	56	63	+12	+40
Retained imports.....	128	160	179	198	+11	+55
Raw materials:						
Imports.....	373	450	433	473	+9	+27
Reexports.....	83	89	70	65	-8	-22
Retained imports.....	290	361	363	408	+12	+41
Fuels:						
Imports.....	38	38	41	44	+7	+17
Reexports.....	2	1	1	2	+38	+38
Retained imports.....	36	37	40	42	+8	+17
Capital goods:						
Imports.....	51	74	75	86	+15	+69
Reexports.....	8	8	7	7	-5	-11
Retained imports.....	43	66	68	79	+16	+84

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Directory of Commerce, Industry and Finance, Hong Kong 1963*, Hong Kong.

Table 4.—Imports of Principal Foodstuffs and Consumer Goods, 1959–62

[US\$ millions, rounded]

Item	1959	1960	1961	1962	Percent change 1961 to 1962 ¹	Percent change 1959 to 1962 ¹
Food stuffs:						
Cattle and swine.....	35	38	34	41	+19	+15
Milk, cheese, and eggs.....	17	20	21	23	+10	+34
Fish and fish products.....	18	20	18	19	+10	+10
Wheat and spelt.....	5	5	6	8	+32	+61
Rice.....	42	40	45	57	+26	+36
Fruits and vegetables.....	43	46	46	50	+9	+16
Sugar.....	9	12	14	17	+18	+100
Tea and coffee.....	5	7	8	8	-6	+48
Soybean oil, peanut oil, butter, and lard.....	11	11	14	19	+26	+69
Others.....	47	52	54	58	+8	+24
Imports, total.....	232	252	261	300	+15	+29
Less reexports.....	38	36	38	50	+32	+32
Retained, total.....	195	216	223	250	+12	+28

See footnote at end of table.

Table 4.—Imports of Principal Foodstuffs and Consumer Goods, 1959-62—Continued

[US\$ millions, rounded]

Item	1959	1960	1961	1962	Percent change 1961 to 1962 ¹	Percent change 1961 to 1962 ¹
Consumer goods:						
Alcoholic beverages.....	5	5	6	7	+18	+43
Tobacco and tobacco products.....	14	15	17	19	+11	+36
Medicinal and pharmaceutical products.....	16	19	19	20	+2	+24
Textile made-up articles.....	10	13	13	14	+9	+39
Diamonds.....	25	52	40	47	+19	+88
Radio, TV, gramophones, tape recorders, refrigerators, and washing machines.....	13	15	19	22	+17	+80
Passenger motorcars.....	6	10	8	9	+13	+59
Clothing.....	12	12	14	17	+21	+50
Watches.....	14	19	21	23	+11	+62
Others.....	58	72	77	82	+8	+41
Imports, total.....	173	213	235	261	+11	+51
Less reexports.....	45	53	56	63	+12	+40
Retained, total.....	128	160	179	198	+11	+55
Imports of foodstuffs and consumer goods, total.....	405	465	496	561	+13	+39
Less reexports.....	83	89	94	113	+20	+36
Retained foodstuffs and consumer goods, total...	322	376	402	448	+11	+39

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry, Hong Kong, *Directory of Commerce Industry and Finance, Hong Kong, 1963*, Hong Kong.

Table 5.—Characteristics of Population, 1961

Item	Males	Females	Total
Population, total.....	1,610,650	1,522,481	3,133,131
Labor:			
Persons under age 15.....	676,700	625,400	1,302,100
Economically active.....	864,795	347,204	1,211,999
Residence:			
Urban.....	(1)	(1)	2,500,000
Rural.....	(1)	(1)	633,131
Hong Kong Island.....	(1)	(1)	1,004,875
Kowloon.....	(1)	(1)	725,177
New Kowloon.....	(1)	(1)	852,849
New Territories.....	(1)	(1)	413,428
Boat villages.....	(1)	(1)	136,802
Education and literacy:			
Having some education.....	1,179,245	744,638	1,923,883
Speak or understand Cantonese.....	1,296,479	1,197,808	2,494,287
Speak or understand English.....	172,675	83,068	255,743
Literate at age 10 and up.....	1,024,489	617,861	1,642,350
Conjugal status:			
Married.....	587,662	614,035	1,201,697
Unmarried, widowed, or divorced.....	356,102	294,814	650,916

¹ No data available.

Source: Census Department, Hong Kong. Data derived from *Report on the 1961 Hong Kong Census*, Hong Kong, 1962.

Table 6.—Persons and Households by Type of Accommodation, 1961

Type of accommodation	Persons	Households
Space not in a building.....	28,845	2,632
Room or hedspace in wooden house or shack.....	148,357	37,365
Whole wooden house or shack.....	363,125	76,894
Whole concrete, brick, or stone house.....	318,440	57,419
Accommodations within concrete, brick, or stone house.....	2,077,924	482,220
Self-contained flat.....	453,505	75,958
Room or cubicle.....	1,353,554	313,912
Bedspace.....	140,770	57,841
Basement.....	12,079	2,734
Veranda or attic.....	68,039	18,634
Nondomestic living space.....	49,977	10,965
Roof.....	56,155	12,283
Total.....	2,992,846	668,813

Source: Census Department, Hong Kong. Data derived from *Report on the 1961 Hong Kong Census*, Hong Kong, 1962.

Table 7.—Employment, by Industry, 1962

Industry	Employees	Establishments ¹
Mining and quarrying.....	2,272	78
Food.....	9,578	458
Beverages.....	1,974	25
Tobacco.....	1,266	6
Textiles.....	71,088	964
Footwear and wearing apparel.....	52,582	956
Wood and cork.....	3,885	237
Furniture.....	3,432	177
Paper.....	2,220	137
Printing and publishing.....	11,765	761
Leather and leather products.....	322	23
Rubber products.....	8,299	159
Chemicals and chemical products.....	3,519	125
Products of petroleum and coal.....	19	3
Nonmetallic mineral products.....	2,204	87
Base metal industries.....	3,206	95
Metal products.....	31,251	845
Manufacture of machinery.....	6,102	410
Electrical apparatus.....	7,843	162
Transport equipment.....	13,907	109
Miscellaneous manufactures.....	38,287	1,204
Electricity and gas.....	3,275	7
Wholesale and retail trade.....	653	5
Transport.....	9,430	21
Storage and warehousing.....	4,068	25
Telephones.....	2,047	1
Motion pictures.....	891	10
Laundry and drycleaning.....	2,458	213
Total.....	297,897	7,305

¹ Includes only the establishments registered and recorded with the Hong Kong Labour Department.

Source: Labour Department, Hong Kong, *Labour Department Report, October-December 1962*.

Table 8.—Imports of Consumer Goods for Which Hong Kong Demand Is Increasing and Imports From the United States, by Commodity, and U.S. Share, 1962

[Value in US\$ thousands]

Commodity	Imports from world		Imports from United States		U.S. share, ¹ 1962, in per-cent
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share below 25 percent:					
Diamonds, cut polished, unset.	47,300	+22,100	4,300	+4,200	9
Wheat spelt flour.....	5,840	+2,980	550	0	9
Apples.....	2,730	+1,080	500	+390	18
Shirts, cotton, not knit.....	2,150	+2,150	440	+440	20
Films, exposed, movie.....	2,220	+1,000	240	+30	11
Lard.....	2,260	+990	230	+180	10
Toilet paper and paper towels.	1,120	+420	230	+80	20
Footwear, leather.....	1,790	+730	220	+140	12
Milk, dry full cream.....	1,830	+570	200	+30	11
U.S. share between 25 percent and 50 percent:					
Vegetables, canned, n.e.s....	990	+250	330	+70	33
Domestic refrigerators, electric.....	2,450	+950	680	+140	28
Sugar, confectionery.....	1,580	+470	450	+80	28
Manufactured articles, n.e.s....	740	+360	240	+90	33
Rubber fabricated materials, n.e.s.....	900	+540	235	+130	26
Pharmaceutical products, n.e.s.....	8,180	+3,370	2,050	+540	25
Toilet preparations, n.e.s.....	1,590	+690	680	+370	42
U.S. share between 50 percent and 75 percent:					
Citrus fruits, n.e.s.....	650	+180	430	+130	67
Fruits, canned.....	620	+620	330	+330	54
Fountain pens.....	1,580	+860	940	+760	60
Ballpoint pens.....	550	+280	300	+220	55
Shirts, not cotton, not knit....	500	+500	290	+290	58
Soybean oil.....	9,040	+4,190	6,770	+6,760	75
Fruit juices.....	460	+130	330	+100	72
Synthetic detergent in powder form.....	1,720	+1,050	1,230	+700	71
Crustacea and mollusks, canned.....	1,760	+760	1,150	+280	65
Vitamins.....	1,630	+310	1,100	+350	67
Milk, dry skimmed.....	550	+380	380	+210	68
U.S. share over 75 percent:					
Air conditioners.....	2,720	+1,240	2,650	+1,250	97
Food waste and prepared animal feed, n.e.s.....	1,640	+1,130	1,300	+1,160	79
Shirts, not cotton, knit.....	670	+670	650	+650	96
Sporting ammunition.....	520	+480	510	+480	99
Grapes.....	1,200	+640	930	+560	78
Oranges and tangerines.....	9,010	+3,400	6,870	+2,980	76

¹ Percentages based on Hong Kong figures.

N.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong. Derived from Hong Kong Trade Statistics, December 1959 and December 1962, Hong Kong.

Table 9.—Imports of Consumer Goods for Which Hong Kong Demand Is Static and Imports From the United States, by Commodity, and U.S. Share, 1962

[Value in US\$ thousands]

Commodity	Imports from world		Imports from United States		U.S. share, ¹ 1962, in per-cent
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share below 25 percent:					
Typewriters.....	1,530	+660	200	+90	13
Fresh vegetables, n.e.s.....	3,550	0	230	+210	7
Soybean.....	2,250	-920	550	-140	24
U.S. share between 25 percent and 50 percent:					
Films, not exposed, movie.....	1,250	+120	620	+40	49
Cellulose film.....	1,180	+40	510	+390	43
Phonograph records.....	800	+90	390	-20	49
Dentifrices.....	700	+80	290	+40	41
Cosmetics.....	800	+180	260	-60	33
Wares of goldsmiths and silver-smiths, n.e.s.....	410	+20	200	+100	49
U.S. share between 50 percent and 75 percent:					
Cigarettes.....	10,030	+880	7,150	+1,060	71
Antibiotics.....	7,240	+280	4,720	+40	65
Meat, fresh, frozen or chilled, n.e.s.....	2,780	-600	1,430	+440	52
Sports goods.....	1,350	+770	830	+640	61
Food preparations, n.e.s.....	1,670	+550	1,040	+446	62
Ginseng.....	3,940	+920	2,450	+480	62
Films, not movie.....	1,210	+90	620	-50	52
Dried vine fruits.....	300	+80	190	+100	64
U.S. share over 75 percent: Poultry, fresh, frozen, or chilled....	3,160	+120	2,790	+200	86

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong. Derived from Hong Kong Trade Statistics, December 1959 and December 1962, Hong Kong.

Table 10.—Value of Industrial Imports, by Type, 1959–62, and Percent Change, 1959 to 1962 and 1961 to 1962

[US\$ millions, rounded]

Import	1959	1960	1961	1962	Percent change ¹ 1961 to 1962	Percent change ¹ 1959 to 1962
Fuels:						
Liquid.....	31	32	34	38	+12	+24
Solid.....	7	7	7	6	-11	-17
Imports, total.....	38	38	41	44	+8	+16
Less reexports.....	2	1	1	2	+32	+42
Retained fuels.....	36	37	40	42	+7	+15
Raw materials:						
Raw cotton.....	36	50	67	60	-10	+65
Inedible animal and vegetable crude materials.....	18	21	17	17	-2	-4
Dyeing, tanning, and coloring materials.....	11	11	10	12	+16	+13
Plastic molding materials.....	15	21	25	25	0	+65
Cotton yarn and thread, gray, of all counts.....	26	22	12	6	-53	-79
Cotton sheeting, shirting, and piece goods of all kinds.....	53	66	52	51	-3	-4
Woolen fabrics and mixtures.....	15	21	18	19	+8	+30
Fabrics of rayon, nylon, terylene, Dacron, or orlon yarn.....	19	22	20	28	+43	+46
Building and construction materials, excluding glass.....	11	12	11	15	+41	+41
Iron and steel.....	24	33	31	36	+14	+47
Other base metals.....	12	19	16	13	-18	+15
Other.....	133	153	153	191	+24	+43
Imports, total.....	373	450	433	473	+9	+27
Less reexports.....	83	89	70	65	-8	-22
Retained raw materials.....	290	361	363	408	+12	+41
Capital goods:						
Office machinery and equipment.....	2	3	3	3	+5	+77
Mining, construction, and industrial machinery excluding textile machinery.....	18	19	20	26	+31	+46
Textile machinery.....	9	17	12	8	-33	-9
Electric machinery.....	8	8	10	13	+27	+66
Radio and telegraphy.....	2	3	4	4	+18	+78
Road and motor vehicles and parts other than passenger motorcars.....	3	7	6	6	-4	+98
Scientific, medical, optical, measuring and controlling instruments and apparatus.....	2	3	3	3	+17	+61
Other.....	7	14	17	23	+29	+214
Imports, total.....	51	74	75	86	+15	+69
Less reexports.....	8	8	7	7	-3	-11
Retained capital goods.....	43	66	68	79	+16	+84
Industrial imports, total.....	462	562	549	603	+10	+31
Less reexports.....	93	98	78	74	-5	-20
Retained industrial goods, total.....	369	464	471	529	+12	+43

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Directory of Commerce, Industry and Finance, Hong Kong, 1963*, Hong Kong.

Table 11.—Number of Industrial Establishments and Value of Locally Produced Exports, 1960–62

Industry	Industrial establishments				Locally produced exports			
	Number			Percent change 1960 to 1962	Value in U.S. \$1,000			Percent change 1960 to 1962 ¹
	1960	1961	1962		1960	1961	1962	
Metal mining.....	3	2	2	-30	(2)	(2)	(2)	(2)
Quarrying.....	66	71	66	0	(2)	(2)	(2)	(2)

See footnotes at end of table.

**Table 11.—Number of Industrial Establishments and Value of Locally Produced Exports, 1960-62—
Continued**

Industry	Industrial establishments				Locally produced exports			
	Number			Percent change 1960 to 1962	Value in U.S. \$1,000			Percent change 1960 to 1962 ¹
	1960	1961	1962		1960	1961	1962	
Nonmetallic mining.....	12	11	10	-17	(2)	(2)	(2)	(2)
Food.....	388	408	458	+18	26,429	23,586	24,308	-8
Beverages.....	27	25	25	-7	311	334	443	+42
Tobacco.....	5	5	6	+20	2,050	4,363	7,846	+283
Textiles.....	826	876	964	+17	98,233	118,505	105,154	+7
Footwear and clothing.....	815	840	956	+17	196,863	169,012	223,454	+14
Wood and cork.....	186	199	237	+44	1,885	1,799	2,446	+30
Furniture and fixtures.....	134	160	177	+32	8,610	7,489	8,023	-7
Paper and paper products.....	71	101	137	+93	1,600	1,689	2,398	+50
Printing and publishing.....	644	708	761	+18	(2)	(2)	(2)	(2)
Leather and leather products.....	19	19	23	+21	709	754	758	+7
Rubber products.....	118	132	159	+35	195	232	215	+10
Chemicals and chemical products.....	117	123	125	+7	8,941	9,758	9,963	+11
Nonmetallic mineral products.....	84	88	87	+4	2,981	2,718	2,810	-6
Base metal.....	76	84	95	+25	23,524	22,526	13,447	-43
Metal products.....	598	679	845	+41	20,607	21,138	23,686	+15
Machinery, nonelectric.....	322	341	410	+27	2,141	2,443	3,019	+41
Electrical apparatus.....	103	135	162	+57	8,285	12,804	18,622	+125
Transport equipment.....	97	101	109	+12	3,013	2,330	4,815	+60
Miscellaneous manufactures.....	699	959	1,204	+72	93,275	108,091	125,146	+34
Transport, storage, and communication.....	41	45	47	+15	(2)	(2)	(2)	(2)
Laundry and drycleaning.....	108	217	213	+97	(2)	(2)	(2)	(2)
Others.....	40	30	27	-33	(2)	(2)	(2)	(2)
Total.....	5,599	6,359	7,305	+30	499,652	509,571	576,553	+15

¹ Percentages based on Hong Kong figures. ² None exported.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1960, December 1961, December 1962*, Hong Kong; Hong Kong Government Printer, *Hong Kong Annual Report, 1960, 1961, 1962*.

Table 12.—Imports of Raw Materials and Consumer Goods for Which Hong Kong Demand Is Increasing and Imports From the United States, by Commodity and U.S. Share, 1962

[Value in US\$ thousands]

Commodity	Imports from world		Imports from United States		U.S. ¹ share 1962, percent
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share below 25 percent:					
Fabrics, rayon type, continuous filament.....	6,760	+720	1,280	-280	19
Fabrics, terylene type, continuous filament.....	6,410	+5,680	1,050	+390	16
Cotton fabrics, not gray, n.e.s.....	7,020	+7,020	570	+570	8
Parts for radio, n.e.s.....	7,310	+5,970	390	+240	5
Organic compounds, n.e.s.....	5,890	+5,300	270	+180	5
Plastic molding materials and artificial resins, n.e.s.....	1,880	+1,200	260	+180	14
Fabrics of wool.....	19,320	+10,750	240	+230	1
Fabrics spun rayon, except brocades.....	9,080	+9,080	230	+230	3

See footnote at end of table.

**Table 12.—Imports of Raw Materials and Consumer Goods for Which Hong Kong Demand Is Increasing and Imports From the United States, by Commodity and U.S. Share, 1962—
Continued**

[Value in US\$ thousands]

Commodity	Imports from world		Imports from United States		U.S. share 1962, percent
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share below 25 percent— Continued					
Raw cotton.....	59,790	+23,520	12,230	-2,460	20
Insecticides.....	1,340	+540	210	+170	16
Knitted fabrics of textile fibers, n.e.s.....	3,870	+1,830	190	-120	5
Machine parts, n.e.s.....	5,550	+3,290	740	+440	13
Metal manufactures, n.e.s.....	1,470	+260	210	+30	14
Spinning machines, textile, n.e.s.....	1,320	+1,320	210	+20	16
Ships and boats, n.e.s.....	3,720	+1,230	670	+330	18

Table 12.—Imports of Raw Materials and Consumer Goods for Which Hong Kong Demand Is Increasing and Imports From the United States, by Commodity and U.S. Share, 1962—Continued

[Value in US\$ thousands]

Commodity	Imports from world		Imports from United States		U.S. ¹ share 1962, per cent
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share between 25 percent and 50 percent:					
Paperboard.....	5,830	+3,200	1,620	+1,570	28
Lubricating oil.....	2,860	+1,450	1,250	+490	44
Fabrics, continuous filament, nylon.....	2,290	+2,290	630	+630	28
Sanitary and plumbing fixtures of metal.....	1,480	+790	530	+400	36
Fabrics, spun nylon.....	890	+890	300	+300	34
Iron and steel sheet, plate uncoated, n.e.s.....	640	+590	220	+220	34
Earth moving, leveling machinery, complete.....	1,190	+990	440	+370	37
Fabrics, terylene type, spun.....	2,300	+2,130	740	+590	32
U.S. share between 50 percent and 75 percent:					
Polythene molding compounds.....	15,700	+6,560	8,210	+4,390	52
Synthetic rubber.....	760	+500	390	+210	51
Cigarette paper.....	440	+280	290	+200	66
Tobacco leaf.....	8,270	+3,790	5,120	+2,680	62
Air-conditioning plant, industrial.....	470	+170	340	+270	72
Excavating machinery, complete.....	520	+500	320	+270	72
Parts for tractors, not steam.....	560	+510	290	+290	52
Accounting machines.....	990	+440	580	+190	58
U.S. share over 75 percent:					
Air conditioning, refrigeration equipment, n.e.s., and parts.....	2,100	+1,280	1,720	+1,100	82
Aircraft engine parts.....	1,730	+1,720	1,620	+1,600	94
Refrigerating equipment, not domestic.....	230	+50	190	+110	83

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong. Derived from *Hong Kong Trade Statistics, December 1959 and December 1962, Hong Kong.*

Table 13.—Imports of Raw Materials and Capital Goods for Which Hong Kong Demand Is Static or Declining and Imports From the United States, by Commodity, and U.S. Share, 1962

[Value in US\$ thousands, rounded]

Commodity	Imports from world		Imports from United States		U.S. share, 1962, per cent ¹
	1962, total	Value change, 1959 to 1962	1962, total	Value change, 1959 to 1962	
U.S. share less than 25 percent:					
Tinplate waste.....	1,610	-210	230	-360	14
Polystyrene and styrene copolymers.....	4,590	+260	1,110	+50	24
Textile machinery, n.e.s., and parts.....	4,740	-690	380	+112	8
U.S. share between 25 percent and 50 percent:					
Industrial sewing machines.....	750	-1,100	300	-560	40
Diesel marine engines, over 200 British Horse Power.....	1,050	-40	280	+260	27
Iron and steel blackplate 29 British Gauge or lighter.....	3,420	-700	1,310	-710	38
Upper leather.....	3,040	-60	760	-90	25
Feathers.....	840	-140	250	+200	30
U.S. Share over 75 percent:					
Tinplate, n.e.s.....	480	+280	460	+270	96
Sodium borate, dehydrated.....	390	-80	390	-80	100
Wastepaper.....	300	-80	300	-70	100
Aircraft parts.....	1,120	-1,130	930	-710	83
Aircraft engines, jet and turbine.....	260	-270	240	+240	92

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong. Derived from *Hong Kong Trade Statistics, December 1959 and December 1962, Hong Kong.*

Table 14.—Value and Direction of Hong Kong Reexports, 1959-62

[Value in US\$ millions, rounded]

Area	1959	1960	1961	1962	Percent change 1959 to 1962 ¹
Grand total.....	174.2	187.3	173.4	187.2	+8
Asia, total.....	147.8	163.6	150.6	159.2	+8
Malaysia.....	31.9	38.2	37.6	38.2	+20
Japan.....	24.1	22.8	21.6	25.1	+4
Mainland China.....	18.5	18.8	16.0	13.5	-27
Indonesia.....	5.0	13.1	9.2	11.8	+139
Macao.....	9.2	9.4	10.0	11.4	+24
Taiwan.....	8.6	10.8	9.3	9.6	+13
Cambodia.....	3.8	6.4	7.2	6.8	+69
Australia.....	4.4	5.9	4.5	6.4	+46
Thailand.....	11.8	10.3	9.0	6.3	-46

See footnote at end of table.

Table 14.—Value and Direction of Hong Kong Reexports, 1959–62—Continued

[Value in US\$ millions, rounded]

Area	1959	1960	1961	1962	Percent change 1959 to 1962 ¹
Asia, total—Continued					
South Korea.....	7.2	5.5	3.6	5.4	-24
Philippines.....	3.5	4.2	4.7	5.2	+46
United States Oceania.....	2.3	2.4	3.5	3.6	+58
Burma.....	2.0	2.4	1.7	1.8	-10
South Vietnam.....	2.2	1.8	2.4	1.7	-22
Others.....	13.3	11.6	10.3	12.4	-7
Europe, total.....	13.4	12.1	11.8	14.5	+8
Belgium.....	2.8	2.8	3.8	4.3	+53
United Kingdom.....	4.0	4.0	3.2	4.0	+1

Table 14.—Value and Direction of Hong Kong Reexports, 1959–62—Continued

[Value in US\$ millions, rounded]

Area	1959	1960	1961	1962	Percent change 1959 to 1962 ¹
America, total.....	9.2	7.2	8.3	10.3	+12
United States.....	4.8	3.2	3.9	5.1	+6
Canada.....	2.3	2.2	2.1	2.3	+1
Africa, total.....	3.8	4.4	2.9	3.2	-18

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*. Hong Kong.

Table 15.—Principal Hong Kong Reexports, 1959–62

[Value in US\$ millions, rounded]

Commodity	1959	1960	1961	1962	Percent change, 1959 to 1962	Percent change, ¹ 1961 to 1962
Grand total.....	174.2	187.3	173.4	187.2	+8	+8
Food, total.....	33.4	31.6	34.7	45.4	+36	+31
Fruits and vegetables.....	17.6	15.4	11.4	14.0	-21	+23
Sugar and preparations.....	1.3	1.3	3.9	7.8	+514	+99
Cereals and preparations.....	2.6	2.8	6.5	10.6	+312	+64
Coffee, tea, cocoa, spices.....	2.7	3.1	4.0	4.2	+54	+50
Fish and preparations.....	3.8	3.8	3.4	3.9	+5	+17
Beverages and tobacco, total.....	2.2	2.2	2.2	2.2	0	0
Crude materials, inedible, except fuels, total.....	30.9	30.1	23.9	25.6	-17	+7
Animal and vegetable crude materials, inedible.....	16.2	18.1	13.9	14.7	-9	+5
Textile fibers.....	7.6	3.3	2.9	4.1	-44	+42
Oilseeds, oil nuts, oil kernels.....	3.2	3.3	3.5	4.3	+33	+23
Mineral fuels, total.....	1.1	1.0	1.3	1.7	+62	+36
Animal and vegetable oils and fats, total.....	2.4	2.9	2.5	3.0	+24	+18
Chemicals, total.....	24.2	22.8	30.9	30.9	+28	0
Medicinal and pharmaceutical compounds.....	9.5	10.3	11.2	10.9	+16	-2
Explosives and miscellaneous chemical products.....	4.0	4.3	5.8	6.3	+58	+8
Chemical elements and compounds.....	2.4	1.7	3.4	5.3	+122	+57
Dyeing, tanning, and coloring materials.....	6.1	4.8	4.8	5.4	-11	+13
Manufactures, classified by materials, total.....	55.1	66.6	47.9	48.0	-13	0
Textile yarn, fabrics, made-up articles.....	28.7	36.8	22.6	20.6	-28	-9
Silver, platinum, gems, jewelry.....	6.2	9.6	11.4	17.2	+71	+171
Paper, paperboard and products.....	3.9	3.6	3.3	3.4	-12	+2
Base metals.....	8.5	12.0	6.6	3.1	-64	-54
Machinery and transport equipment, total.....	10.6	11.6	11.7	11.2	+6	-5
Nonelectric machinery.....	4.8	4.3	5.1	5.0	+5	-1
Electric machinery.....	3.3	3.5	4.3	3.8	+17	-11
Transport equipment.....	2.5	3.8	2.3	2.3	-10	-1
Miscellaneous manufacturers, total.....	14.8	18.5	18.3	19.2	+26	+7
Scientific, photographic, optical instruments.....	4.7	9.1	8.1	8.1	+74	0
Miscellaneous manufactures, n.e.s.....	5.6	6.1	6.0	7.2	-29	+20
Clothing.....	2.9	2.4	1.8	1.9	-36	+5

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959, December 1960, December 1961, December 1962*, Hong Kong.

Table 16.—Principal Reexports to Principal Destinations, 1959 and 1962

[US\$ millions, rounded]

Country and commodity group	1959	1962	Percent change 1959 to 1962 ¹
Malaysia (Malaya, Singapore, Brunei, Sarawak, North Borneo).....	31.9	38.2	+20
Sugar and sugar preparations.....	.8	7.1	+764
Fruits and vegetables.....	6.1	4.8	-22
Animal and vegetable crude materials, inedible...	3.6	3.9	+8
Scientific instruments, watches and clocks, photographic and optical goods.....	1.2	2.6	+119
Textile yarn, fabrics, made-up articles.....	2.8	2.3	-17
Paper, paperboard, and manufactures.....	2.1	2.0	-4
Medicinal and pharmaceutical products.....	1.1	1.5	+40
Fish and fish preparations.....	1.3	1.2	-12
Cereals and cereal preparations.....	.8	1.7	+123
Machinery, electric and nonelectric.....	.9	1.7	+80
Japan.....	24.1	25.1	+4
Fruits and vegetables.....	8.2	5.2	-37
Silver, platinum, gems and jewelry.....	.1	3.2	+5,266
Oilseeds, oil nuts, oil kernels.....	2.6	3.2	+25
Animal and vegetable crude materials, inedible...	1.9	2.3	+20
Miscellaneous manufactures.....	.4	1.9	+387
Fish and fish preparations.....	.5	1.1	+136
Coffee, tea, cocoa, spices and manufactures.....	.1	1.2	+1,627
Textile fibers.....	5.0	1.2	-76
Medicinal and pharmaceutical products.....	0	1.5	+4,538
Mainland China.....	18.5	13.5	-27
Textile fibers.....	.7	1.9	+165
Animal and vegetable crude materials, inedible...	2.5	1.2	-54
Chemical elements and compounds.....	.6	2.4	+300
Fertilizers, manufactured.....	1.0	1.5	+49
Base metals.....	4.3	.4	-91
Textile yarn, fabrics, made-up articles.....	2.6	.6	-75

Table 16.—Principal Reexports to Principal Destinations, 1959 and 1962—Continued

[US\$ millions, rounded]

Country and commodity group	1959	1962	Percent change 1959 to 1962 ¹
Indonesia.....	5.0	11.8	+136
Cereals and cereal preparations.....	0	5.8	+235,414
Textile yarn, fabrics, made-up articles.....	3.9	2.9	-27
Machinery, electric and nonelectric.....	.1	1.2	+884
Taiwan.....	8.6	9.6	+12
Animal and vegetable crude materials, inedible...	1.4	1.5	+10
Dyeing, tanning, and coloring materials.....	.8	1.1	+26
Explosives and miscellaneous chemical products..	.5	1.1	+41
Scientific instruments, watches and clocks, photographic and optical goods.....	.6	1.3	+108
Macao.....	9.2	11.4	+24
Fruits and vegetables.....	.4	.9	+173
Live animals, dairy products and cereals.....	1.9	2.0	+9
Mineral fuels.....	.7	1.2	+81
Animal and vegetable oils, fats and derivatives...	.2	1.0	+513
Textile yarn, fabrics, made-up articles.....	1.5	.8	-45

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 17.—Imports of Fertilizers and Insecticides, from Both World Markets and the United States, by Commodity, and U.S. Share, 1959 and 1962

Commodity	Imports from world			Imports from United States, 1962	U.S. share, 1962, percent ¹
	1959	1962	Percent change 1959 to 1962 ¹		
Total.....	\$2,399,189	\$3,585,105	+50	\$218,977	6
Fertilizers, total.....	1,593,557	2,242,544	+41	8,103	(²)
Nitrates synthetic.....	912	369,816	+40,450	0	0
Ammonium sulfate.....	1,126,458	1,295,007	+15	0	0
Nitrogenous fertilizers and materials, n.e.s.....	165,340	22,937	-86	0	0
Phosphatic fertilizers and materials, n.e.s.....	4,982	3,145	+37	0	0
Potassic fertilizers and materials, n.e.s.....	63,532	2,763	-96	0	0
Manufactured fertilizers, n.e.s.....	53,286	375,550	+605	8,103	2
Natural fertilizers of animal and vegetable origin.....	165,937	152,719	-8	0	0
Fish fertilizer.....	6,412	10,731	+67	0	0
Sodium nitrate, natural.....	6,698	9,876	+47	0	0
Insecticides.....	805,632	1,342,561	+67	210,874	16

¹ Percentages based on Hong Kong figures.

² Less than 1 percent.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 18.—Value of Imports of Agricultural Machinery, 1959 and 1962

Commodity	Imports from world			Imports from United States, 1962	U.S. share 1962, percent ¹
	1959	1962	Percent change, 1959 to 1962 ¹		
Total	\$238,988	\$993,853	+316	\$349,116	35
Machinery for preparing and cultivating the soil	3,040	21,958	+622	882	4
Machinery for threshing, harvesting, sorting	7,518	16,356	+118	925	6
Machinery, dairy farm	1,406	11,127	+692	11,127	100
Agricultural machinery and appliances, n.e.s.	26,464	19,304	-27	12,351	64
Agricultural machinery parts	10,609	18,750	+76	10,420	56
Tractors, not steam	146,753	348,053	+137	20,482	6
Tractor parts	43,198	558,305	+1,192	292,929	52

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 19.—Oceangoing Ships Entered and Cleared Through Hong Kong, 1960-62

Year	Ships entered			Ships cleared		
	Number of ships	Net registered tonnage	Cargo discharged (dead-weight tons)	Number of ships	Net registered tonnage	Cargo loaded (dead-weight tons)
1960	5,396	16,409,767	4,769,615	5,346	16,168,674	1,993,878
1961	5,515	17,250,358	5,085,034	5,464	17,060,828	1,892,356
1962	5,970	19,182,656	5,828,670	5,903	18,905,445	1,933,382

Source: Government Press, Hong Kong, *Hong Kong Annual Report 1962*.

Table 20.—Passenger Aircraft, Passengers, Freight, and Mail Through Hong Kong, 1960-62

Category	1960		1961		1962	
	In	Out	In	Out	In	Out
Passenger aircraft.....number..	5,962	5,961	7,095	7,100	7,873	7,879
Passengers.....do.....	186,650	194,254	233,031	245,267	292,007	299,397
Freight.....kilograms ¹ ..	1,529,507	3,251,143	1,860,793	3,629,786	2,097,015	4,883,108
Mail.....do.....	598,367	379,681	633,388	865,689	637,291	907,052

¹ 1 kilogram=2.2046 pounds.

Source: Government Press, Hong Kong, *Hong Kong Annual Report 1962*, Hong Kong.

Table 21.—Value of Imports of Medicines and Pharmaceuticals, 1959 and 1962

Commodity	Imports from world			Imports from U.S., 1962	U.S. share, 1962, percent ¹
	1959	1962	Percent change, 1959 to 1962 ¹		
Total	\$15,714,611	\$19,587,737	+24	\$8,264,689	42
Vitamins	1,321,184	1,630,068	+23	1,096,650	67
Fish oil medicaments	207,280	302,738	+46	13,554	4
Sera, vaccine, cultures	90,852	164,783	+81	82,994	50
Antibiotics	6,961,661	7,242,636	+4	4,725,706	65
Caffeine	9,668	17,435	+80	0	0
Opium alkaloids	310	346	+11	0	0
Quinine	69,899	24,196	-65	0	0
Antimalarial drugs except quinine	54,576	127,323	+133	113,596	89
Narcotic drugs, n.e.s.	13,024	9,982	-23	559	6
Sedatives	18,022	21,378	+18	17,504	2
Antipyretics	70,376	88,367	+25	401	1
Sulfanilamide	4,241	8,857	+109	0	80
Sulfaguanadine	118,392	24,132	-79	1,947	8
Sulfadimidine	37,897	56,422	+49	0	0
Sulfadiazine	145,371	144,151	-1	2,310	2
Sulfanamids, n.e.s.	178,351	98,047	-45	35,379	36
Surgical dressings	490,803	568,093	+16	120,177	21
Chinese type pharmaceuticals	1,105,715	871,121	-21	0	0
Pharmaceutical products, n.e.s.	4,816,989	8,187,662	+70	2,053,912	25

¹ Percentages based on Hong Kong figures.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 22.—Value of Imports of Reading and Writing Materials, 1959 and 1962

[US\$ thousands, rounded]

Item	1959	1962	Percent change 1959 to 1962	From United States, 1962	U.S. share, 1962, percent
Total	4,104.3	5,903.8	+19	1,944.2	19
Books, pamphlets, printed ..	1,267.6	1,055.5	-16	58.9	5
Newspapers, periodicals	257.9	162.0	-37	82.0	50
Music	1.2	4.2	+267	.4	8
Pictures and designs reproduced on paper	147.9	140.9	-4	121.3	86
Printed matter on paper, n.e.s.	181.1	365.8	+102	99.4	27
Envelopes and note paper ..	68.2	136.8	+100	22.9	16
Manuscript books	185.8	302.3	+62	14.2	4
Fountain pens	725.4	1,584.6	+118	942.8	59
Ballpoint pens	270.2	550.3	+103	302.8	55
Propelling pencils	55.2	42.8	-22	30.5	71
Pen and pencil sets	78.3	16.9	-78	4.2	25
Pen and pencil parts	110.8	251.2	+126	129.2	51
Lead pencils	299.8	665.4	+122	28.2	4
Office supplies, n.e.s.	454.9	625.1	+37	157.4	25

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 23.—Value of Imports of Selected Leisure-Time Products, 1959 and 1962

[US\$ thousands]

Commodity	Imports from world			Imports from U.S., 1962	U.S. share 1962, percent ¹
	1959	1962	Percent change, 1959 to 1962 ¹		
Total	12,457	17,845	+43	2,285	13
Sports goods and sport guns	583	1,405	+141	876	62
Toys, dolls, and games	1,424	2,316	+63	342	15
Musical instruments and parts ..	617	798	+30	64	8
Television sets	52	976	+1,777	1	0
Radios	6,146	6,107	-1	69	1
Record players, tape recorders, and parts and accessories	2,411	4,019	+67	688	17
Movie film, exposed	1,224	2,224	+82	245	11

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

**Table 24.—Hong Kong Government Public
Works Expenditures, Fiscal Years 1960-64**

[US\$ millions]

Fiscal year ¹	Wages and salaries	Recurrent expenditure	Nonrecurrent expenditure	Total
1960.....	5.8	7.0	30.8	43.6
1961.....	7.7	6.0	42.4	56.1
1962.....	7.6	7.0	49.4	64.0
1963 ²	8.2	8.0	76.6	92.8
1964 ²	9.2	8.5	89.1	106.8

¹ Fiscal year runs from April through March. ² Estimate.

Source: Government Printer, Hong Kong, *Estimates of Revenue and Expenditure, 1st April 1962 to 31st March 1963*, Hong Kong; Government Printer, Hong, Kong, *Hong Kong Government Gazette*, 21 June 1963, Hong Kong.

Table 25.—Imports of Principal Commodity Categories, by Country, 1962

[US\$ thousands, rounded]

Category	Total	United States	United Kingdom	Japan	Mainland China	Other major suppliers
Total.....	\$1,165,017	\$138,670	\$132,930	\$192,027	\$212,310	
Food, beverages, and tobacco.....	307,580	34,885	9,447	16,065	103,730	
Live animals.....	45,509	16	5	2	¹ 23,976	Cambodia, Taiwan, Thailand.
Meat and preparations.....	15,147	4,500	429	99	¹ 5,216	Australia, Denmark.
Dairy products.....	26,081	749	1,172	2,095	¹ 11,193	Australia, Netherlands.
Fish and preparations.....	19,488	1,247	87	3,317	¹ 8,673	Macao, Korea.
Cereals and preparations.....	81,072	1,015	603	2,153	20,920	Thailand , Australia, Canada, Cambodia.
Fruits and vegetables.....	50,233	10,941	457	5,607	¹ 18,317	Taiwan.
Sugar and preparations.....	19,408	557	595	75	¹ 10,439	Australia, Poland, Taiwan.
Coffee, tea, cocoa, spice, and products.....	10,010	321	1,276	10	¹ 2,811	Ceylon, Brazil.
Animal feedstuffs.....	6,010	1,388	126	288	137	Australia
Miscellaneous food preparations.....	8,613	1,641	395	2,072	702	Netherlands , Taiwan.
Beverages.....	6,996	162	1,410	237	925	France , Macau.
Tobacco and manufactures.....	19,013	¹ 12,348	2,892	110	421	Rhodesia-Nyasaland.
Crude materials, inedible, except fuels.....	130,858	16,707	2,926	4,182	15,225	
Hides, skins, and furs, undressed.....	789	1	3	15	57	Cambodia , Thailand.
Oilseeds, oil nuts, and oil kernels.....	7,231	546	0	6	¹ 2,080	Rhodesia-Nyasaland, Cambodia.
Crude rubber, including synthetic.....	3,715	390	104	311	0	Malaysia
Wood, lumber, cork.....	14,855	109	23	0	345	Malaysia , Burma.
Pulp and waste paper.....	298	¹ 296	0	0	0	None.
Textile fibers and waste.....	76,480	12,360	465	2,412	1,545	Brazil , Kenya-Uganda-Tanganyika, India, Pakistan, Mexico, Burma, Australia.
Crude fertilizers and minerals.....	2,099	116	118	396	¹ 987	None.
Metalliferous ores and scraps.....	4,057	118	¹ 2,154	0	46	Korea.
Animal and vegetable crude materials n.e.s.....	21,334	2,771	59	1,042	¹ 10,165	Indonesia.
Mineral fuels, lubricants, and related materials.....	41,195	1,415	1,004	237	2,352	Indonesia , Malaysia, Middle East.
Animal and vegetable oils and fats.....	16,795	¹6,870	306	2,471	1,223	South Africa , India.
Chemicals.....	97,646	¹24,920	17,507	11,518	3,940	
Chemical elements and compounds.....	18,320	1,432	2,466	¹ 4,166	1,035	West Germany.
Mineral tar and crude petrochemicals.....	211	137	2	0	0	None.
Dyeing, tanning, and coloring materials.....	11,922	459	¹ 2,645	1,043	738	West Germany, Netherlands, Switzerland.
Medicinal and pharmaceutical products.....	19,588	8,265	3,136	604	588	Switzerland, Italy.
Essential oils and perfume materials; toilet, polishing, and cleansing preparations.....	8,846	3,137	2,370	692	577	France.
Fertilizers, manufactured.....	2,069	8	0	¹ 191	0	France, West Germany.
Explosives and miscellaneous chemical materials and products.....	36,690	¹ 11,482	6,888	4,822	1,002	Canada, Macao.

See footnote at end of table.

Table 25.—Imports of Principal Commodity Categories, by Country, 1962—Continued
[US\$ thousands, rounded]

Category	Total	United States	United Kingdom	Japan	Mainland China	Other major suppliers
Manufactures, classified by material.	349, 123	21, 105	43, 343	112, 360	70, 412	
Leather products and dressed furs.	5, 066	1, 122	664	240	24	Australia.
Rubber manufactures.	3, 632	562	¹ 1, 105	810	143	None.
Wood and cork manufactures, excluding furniture.	4, 774	25	158	1, 337	¹ 1, 678	None.
Paper and paper manufactures.	27, 156	2, 773	2, 198	¹ 6, 859	5, 150	Finland, Norway, Sweden.
Textile yarn, fabrics, and made-up articles.	169, 089	6, 968	15, 778	¹ 74, 069	47, 952	Taiwan, Italy.
Nonmetallic mineral manufactures.	23, 052	480	2, 221	6, 876	¹ 8, 526	Taiwan.
Silver, platinum, gems, and jewelry.	53, 323	4, 810	4, 124	2, 613	1, 220	Belgium , South Africa, Israel.
Base metals.	49, 075	2, 890	11, 515	¹ 17, 615	4, 725	Australia, Canada.
Manufactures of metals.	13, 956	1, 475	¹ 5, 580	1, 941	994	None.
Machinery and transport equipment.	124, 403	20, 232	49, 037	25, 737	1, 255	
Nonelectric machinery.	51, 159	12, 995	¹ 14, 832	7, 814	620	West Germany, Italy, Switzerland.
Electric machinery, apparatus, and appliances.	42, 944	1, 446	¹ 18, 455	16, 723	594	West Germany, Netherlands.
Transport equipment.	30, 300	5, 791	¹ 15, 750	1, 200	41	West Germany, Italy.
Miscellaneous manufactures.	93, 720	12, 411	9, 176	19, 273	13, 484	
Prefab buildings; sanitary, plumbing, heating, and lighting fixtures and fittings.	3, 757	828	¹ 1, 565	228	279	None.
Furniture and fixtures.	1, 284	67	316	76	¹ 438	None.
Travel goods, handbags, and similar articles.	855	148	84	406	68	None.
Clothing.	17, 366	2, 941	1, 335	5, 018	¹ 6, 310	None.
Footwear.	3, 735	236	514	358	¹ 1, 850	Italy.
Scientific instruments, photo-optical goods, watches, and clocks.	37, 487	2, 739	1, 916	4, 566	173	Switzerland, West Germany.
Miscellaneous manufactures, n.e.s.	29, 236	5, 452	3, 446	8, 621	4, 366	West Germany.
Others.	3, 697	125	184	184	689	

¹ Indicates principal supplier. **Boldface** denotes leading supplier. n.e.s. = Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1962*, Hong Kong.

Table 26.—Principal Imports From Mainland China, 1959 and 1962
[US\$ millions, rounded]

Category	1959	1962	Percent change, 1959 to 1962 ¹	Market share, 1962, percent ¹
Total.	180. 9	212. 3	+17	18
Textile, yarn, fabrics, and made-up articles.	38. 0	47. 9	+26	28
Live animals for food.	24. 7	23. 9	-3	52
Cereals and cereal preparations.	9. 5	20. 9	+121	26
Fruits and vegetables.	21. 4	18. 3	-14	36
Dairy products.	7. 8	11. 2	+43	43
Sugar and preparations.	1. 6	10. 4	+546	54
Animal and vegetable crude materials, inedible.	10. 9	10. 2	-7	48
Fish and preparations.	10. 9	8. 7	-21	44
Nonmetallic mineral manufactures.	6. 2	8. 5	+37	37
Clothing.	4. 4	6. 3	+42	36
Meat and preparations.	7. 8	5. 2	-33	34
Paper and paper manufactures.	5. 5	5. 2	-6	19
Base metals.	1. 3	4. 7	+250	10
Miscellaneous manufactured articles.	3. 8	4. 4	+14	15
Coffee, tea, cocoa, spices, and manufactures.	3. 2	2. 8	-12	28
Mineral fuels.	2. 3	2. 4	+3	6
Oilseeds, nuts, and kernels.	2. 7	2. 0	-23	29
Footwear.	. 9	1. 8	+90	49

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 27.—Principal Imports From Japan, 1959 and 1962
[US\$ millions, rounded]

Category	1959	1962	Percent change 1959 to 1962 ¹	Market share 1962, percent ¹
Total.	134. 7	192. 0	+43	16
Textile yarn, fabrics, and made-up articles.	58. 8	74. 1	+26	44
Base metals.	4. 8	17. 6	+264	36
Electrical machinery and appliances.	8. 2	16. 7	+103	39
Nonelectric machinery.	6. 7	7. 8	+16	15
Nonmetallic mineral manufactures.	5. 2	6. 9	+33	30
Paper and paper manufactures.	4. 5	6. 9	+52	25
Fruits and vegetables.	3. 9	5. 6	+41	11
Explosives and miscellaneous chemical products.	2. 2	4. 8	+123	13
Chemical elements and compounds.	1. 8	4. 2	+129	23
Fish and fish preparations.	3. 4	3. 3	-2	17
Silver, platinum, gems, and jewelry.	1. 2	2. 6	+123	5
Animal and vegetable oils and fats.	4. 8	2. 4	-49	15
Textile fibres.	1. 4	2. 4	+74	3
Cereals and cereal preparations.	. 3	2. 1	+697	3
Dairy products.	2. 2	2. 1	-4	8
Miscellaneous food preparations.	2. 2	2. 1	-6	24

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 28.—Principal Imports from the United Kingdom, 1959 and 1962

[Value in US\$ millions, rounded]

Category	1959	1962	Percent ¹ change 1959 to 1962	Market share, ¹ 1962, percent
Total.....	100.4	132.9	+32	11.4
Electric machinery and appliances.....	13.3	18.5	+38	43
Textile yarn, fabrics, and made-up articles.....	11.8	15.8	+34	9
Transport equipment.....	9.3	15.8	+70	52
Nonelectric machinery.....	9.4	14.8	+57	29
Base metals.....	11.8	11.5	-2	23
Explosives and miscellaneous chemical products.....	7.8	6.9	-12	19
Manufactures of metals.....	3.6	5.6	+53	40
Silver, platinum, gems, and jewelry.....	2.6	4.1	+61	8
Miscellaneous manufactured articles.....	2.8	3.4	+23	12
Medicinal and pharmaceutical products.....	3.5	3.1	-11	16
Tobacco and tobacco manufactures.....	3.0	2.9	-4	15
Dyeing, tanning and coloring materials.....	2.4	2.6	+10	22
Chemical elements and compounds.....	2.7	2.5	-9	13
Essential oils, perfume, and toilet prepa- rations.....	1.8	2.4	+34	27
Nonmetallic mineral manufactures.....	1.4	2.2	+61	10
Paper and paper manufactures.....	1.4	2.2	+57	8
Metaliferous ores and metal scrap.....	.2	2.1	+950	53
Scientific instruments, watches and clocks, photographic and optical goods..	1.4	1.9	+39	5

¹ Percentages based on Hong Kong figures.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 29.—Imports of Foodstuffs, 1959 and 1962

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	216,655	281,572	+30	22,375	8	
Live animals, chiefly for food.....	39,133	45,509	+16	17	(1)	Mainland China, Cambodia.
Meat and meat preparations.....	14,762	15,147	+2	4,500	30	
Beef, veal, lamb, mutton, pork, fresh, chilled, frozen.....	2,688	3,820	+42	66	2	Australia, mainland China.
Poultry, fresh frozen or chilled.....	3,044	3,167	+4	2,790	88	United States.
Meat, fresh, frozen or chilled, n.e.s.....	3,387	2,784	-18	1,434	52	United States, Denmark.
Meat, smoked, dry, salted or not canned.....	3,277	2,715	-17	9	(1)	Denmark, mainland China.
Meat canned.....	1,943	2,008	+3	51	3	Mainland China, Netherlands.
Meat preparations.....	423	653	+54	150	23	Mainland China, United Kingdom.
Dairy products.....	19,103	26,081	+36	749	3	
Evaporated condensed milk.....	4,533	5,683	+25	98	2	Netherlands.
Dry milk.....	1,431	2,384	+66	583	25	Australia.
Butter, fresh.....	1,050	1,198	+14	(1)	(1)	Australia.
Cheese and curd.....	281	261	-7	11	4	Australia.
Eggs in shell, fresh.....	10,322	13,871	+34	0	0	Mainland China, Japan.
Eggs, n.e.s.....	525	899	+71	0	0	Mainland China.
Malt milk mixtures.....	465	939	+101	17	2	United Kingdom.
Dairy products, n.e.s.....	496	846	+70	40	5	United Kingdom, Australia, Netherlands.

See footnote at end of table.

Table 29.—Imports of Foodstuffs, 1959 and 1962—Continued

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Fish and fish preparations.....	17,759	19,488	+10	1,247	6	
Fish, fresh, frozen or chilled.....	5,640	5,277	-6	1	(1)	Mainland China.
Fish, salted, dried, or smoked.....	5,550	5,813	+5	29	(1)	Japan, South Korea, mainland China.
Fish, canned.....	872	609	-30	61	10	Japan.
Prawns and shrimps, fresh, chilled, frozen.....	2,221	3,093	+39	0	0	Mainland China, Macao.
Seafood, fresh, chilled, frozen, n.e.s.....	243	488	+100	6	1	Macao, mainland China.
Seafood, salted, dried, or smoked.....	2,226	2,334	+5	(1)	(1)	Japan, mainland China.
Crustacea and mollusks, canned.....	1,000	1,759	+76	1,149	65	United States.
Fish and fish preparations, n.e.s.....	7	115	+1,543	(1)	(1)	Mainland China.
Cereals and cereal preparation.....	55,225	81,072	+47	1,015	1	
Wheat and spelt.....	4,893	7,816	+60	150	2	Australia.
Rice, white, broken, cargo, and glutinous.....	41,873	56,695	+35	0	0	Thailand, mainland China.
Maize, unmilled.....	1,865	6,832	+266	164	2	Thailand.
Cereals, unmilled, n.e.s.....	372	283	-24	0	0	Australia.
Wheat spelt flour.....	2,872	5,850	+104	551	9	Canada, Japan.
Cereal flour, n.e.s.....	232	586	+152	7	1	United Kingdom, West Germany.
Macaroni, spaghetti, noodles.....	1,689	363	-78	4	1	Mainland China, Thailand.
Bakery products.....	703	915	+30	121	13	United Kingdom.
Cereals and cereal preparations, n.e.s.....	726	1,732	+138	18	1	South Africa
Fruits and vegetables.....	43,465	50,233	+16	10,941	22	
Oranges and tangerines.....	5,621	9,023	+60	6,871	76	United States
Citrus fruits, n.e.s.....	468	648	+38	434	67	United States
Apples.....	1,649	2,730	+66	502	18	Japan, Mainland China, Australia, United States
Grapes.....	560	1,204	+115	933	77	United States
Fresh fruits, n.e.s.....	3,919	5,049	+29	108	2	Philippines, Japan, Mainland China
Edible nuts and seeds.....	3,259	3,200	-2	46	1	Mainland China
Dried vine and tree fruits.....	1,767	1,641	-7	363	22	Mainland China, United States
Canned and preserved fruits.....	2,284	2,344	+2	333	14	United States, Mainland China
Fruit jams, jellies.....	209	232	+11	7	3	United Kingdom, Australia
Fruit juices.....	329	460	+40	332	72	United States
Fruits, n.e.s.....	29	10	-65	1	10	Australia
Beans, peas, potatoes.....	9,821	6,786	-31	71	1	Burma, Mainland China
Fresh vegetables, n.e.s.....	6,024	6,802	+13	337	5	Taiwan, Japan, Mainland China
Fresh vegetables, dehydrated or evaporated.....	3,722	6,024	+62	33	(1)	Japan, Mainland China
Vegetable soups and juices, canned.....	134	192	+43	177	92	United States
Vegetables, canned, n.e.s.....	852	1,062	+24	391	37	United States, Taiwan, United Kingdom
Vegetables, n.e.s.....	2,818	2,826	+(1)	2	(1)	Mainland China, Taiwan
Sugar and sugar preparations.....	10,258	19,408	+89	557	3	
Sugar, refined and not refined.....	8,594	17,107	+99	0	0	Australia, Mainland China
Sugar confectionery.....	1,109	1,580	+42	447	28	United Kingdom, United States
Sugar and sugar preparations, n.e.s.....	555	721	+30	110	15	United States, United Kingdom
Coffee, tea, cocoa, spices and manufactures.....	8,334	10,010	+20	321	3	
Coffee, roasted, unroasted, and extracts.....	859	2,462	+186	254	10	Brazil
Cocoa beans, powder, and paste.....	88	91	+3	29	32	Netherlands
Chocolate.....	976	1,540	+58	31	2	United Kingdom, Netherlands
Tea.....	4,147	5,067	+22	0	0	Mainland China, Ceylon
Cardamoms and saffron.....	1,167	303	-74	0	0	Thailand, Spain
Spices, n.e.s.....	1,097	547	-50	7	1	Mainland China, Malaya
Miscellaneous food preparations.....	6,741	8,613	+28	1,641	19	
Shortening, margarine, and lard.....	1,928	3,063	+59	246	8	Netherlands
Soy sauce and other sauces.....	457	778	+70	176	22	United States, Japan
Gourmet powder.....	2,702	2,481	-8	65	2	Japan, Taiwan
Food preparations, n.e.s.....	1,654	2,291	+38	1,154	50	United States
Feedstuffs for animals.....	1,875	6,010	+219	1,387	23	United States, Australia

¹ Less than 1. n.e.s.=Not elsewhere specified.Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 30.—Imports of Beverages, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	4,907	6,996	+42	162	2	
Nonalcoholic beverages.....	10	6	-40	0	0	France
Wines.....	435	633	+45	10	2	France
Beer, ale, stout.....	1,647	1,534	-7	46	3	Denmark, Mainland China, Japan
Brandy.....	817	2,000	+145	0	0	France
Whisky.....	704	1,068	+52	83	8	United Kingdom
Gin, rum, liqueurs, hitters.....	262	340	+30	15	4	United Kingdom, France
Chinese-type alcoholic beverages.....	1,004	1,375	+37	0	0	Mainland China, Macao
Alcoholic beverages, n.e.s.....	28	40	+36	8	21	Japan, United Kingdom

n.e.s.—Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*. Hong Kong.

Table 31.—Imports of Tobacco and Tobacco Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, in percent	Principal supplier
Total.....	13,994	19,013	+36	12,348	65	
Tobacco leaf.....	4,481	8,280	+84	5,122	62	United States, Rhodesia-Nyasaland
Tobacco refuse.....	35	77	+117	2	2	Rhodesia-Nyasaland
Cigar and cheroots.....	130	216	+66	23	10	Philippines
Cigarettes.....	9,161	10,042	+9	7,152	71	United States, United Kingdom
Pipe tobacco.....	89	118	+32	49	41	United States, United Kingdom
Chinese-type smoking tobacco.....	27	240	+802	0	0	Macao
Tobacco, n.e.s.....	70	40	-42	(1)	(1)	Macao

¹ Less than 1. n.e.s.—Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 32.—Imports of Mineral Fuels, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, in percent	Principal supplier
Total.....	33,784	41,195	+22	1,415	3	
Coal.....	2,739	2,825	+3	0	0	Mainland China.
Coke.....	242	225	-7	0	0	West Germany.
Motor fuel.....	2,919	2,180	-25	0	0	Malaya, Middle East.
Aviation fuel.....	1,473	474	-68	0	0	Malaya, Middle East.
Aviation turbine fuel.....	672	2,913	+333	0	0	Malaya, Indonesia, Middle East.
Industrial fuel.....	272	419	+54	5	1	Malaya.
Kerosene.....	3,229	4,447	+38	0	0	Malaya.
Gas oil.....	3,191	1,639	-48	0	0	Middle East.
Diesel oil.....	2,917	6,165	+111	0	0	Malaya, Indonesia, Middle East.
Fuel oil.....	13,715	15,801	+15	0	0	Indonesia, Malaya.
Lubricating oil.....	1,413	2,865	+102	1,255	44	United States, United Kingdom, Netherlands.
Lubricating greases.....	88	189	+115	62	33	United States, United Kingdom.
Mineral fuel, oil and wax, n.e.s.....	914	1,053	+15	93	9	Malaya, Taiwan, United Kingdom.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.—Not elsewhere specified.

Table 33.—Imports of Animal and Vegetable Oils, Fats, and Derivatives, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change 1959 to 1962	From United States, 1962	U.S. share, 1962, per cent	Principal supplier
Total.....	10,566	16,795	+59	6,870	40.9	
Fish oils.....	102	112	+10	0	0	Norway
Animal oils and fats.....	246	156	-36	19	12	Australia
Linseed oil.....	150	209	+39	0	0	United Kingdom
Soybean oil.....	4,856	9,048	+86	6,774	75	United States, Japan
Cottonseed oil.....	258	4	-98	4	100	United States
Peanut oil.....	3,212	5,189	+61	0	0	South Africa, Rhodesia-Nyasaland
Tung oil.....	902	1,315	+46	0	0	Mainland China
Vegetable oils, n.e.s.....	557	610	+9	71	12	Japan, Malaya, United Kingdom
Other oils and waxes.....	283	152	-46	2	1	United Kingdom

Source: Commerce & Industry Dept., Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

Table 34.—Imports of Chemicals and Chemical Products, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, per cent	Principal supplier
Total.....	68,565	97,646	+42	24,783	25	
Chemical elements and compounds.....	10,121	18,319	+81	1,432	8	
Inorganic acids.....	213	307	+43	75	24	West Germany, United States
Sodium compounds.....	1,772	2,097	+18	482	22	Mainland China, United States, Europe, Japan, United Kingdom
Titanium oxides.....	768	1,035	+34	68	6	
Inorganic chemicals and compounds, n.e.s.....	4,221	3,831	-9	195	5	Japan, Germany, United Kingdom
Organic acids.....	214	329	+54	3	1	Australia, Japan, Europe
Menthol crystals.....	495	919	+85	0	0	Taiwan
Alcohols.....	206	350	+70	9	2	South Africa
Dihutyl and dioctyl phthalate.....	99	951	+855	152	16	West Germany
Plasticizers.....	357	879	+146	34	3	United Kingdom, Other Europe
Organic compounds, n.e.s.....	1,776	7,621	+329	414	5	Japan, West Germany, Netherlands
Dyeing, tanning, and coloring materials.....	10,555	11,921	+12	459	3	
Coaltar dyestuffs.....	7,355	7,995	+8	79	1	West Germany, Switzerland, Netherlands, United Kingdom
Coloring materials not of coaltar.....	965	893	-7	66	7	United Kingdom, West Germany
Paints.....	1,239	1,556	+25	174	11	United Kingdom
Dyeing, tanning and coloring materials, n.e.s.....	996	1,477	+48	140	9	Japan, Mainland China
Medicinal and pharmaceutical products.....	15,715	19,587	+24	8,265	42	
Vitamins.....	1,321	1,630	+23	1,097	67	United States
Antibiotics.....	6,962	7,242	+4	4,726	65	United States, Italy
Pharmaceutical products, n.e.s.....	7,432	10,715	+44	2,442	22	United States, United Kingdom, West Germany, Switzerland
Essential oils, perfume and toilet preparations.....	6,061	8,846	+45	3,136	35	
Essential oils.....	685	539	-21	57	10	Mainland China
Perfume and perfume materials.....	648	1,008	+55	138	13	France
Cosmetics.....	623	802	+28	264	32	United States, Japan
Dentifrices.....	620	698	+12	289	41	United Kingdom, United States
Toilet preparations, n.e.s.....	901	1,590	+76	679	42	United States, United Kingdom
Soaps, detergents, and cleaning agents.....	2,129	3,715	+74	1,587	42	United States, United Kingdom, Malaysia
Polishes and waxes.....	455	494	+8	122	24	United Kingdom, United States
Chemical fertilizers.....	1,415	2,069	+46	8	3	France, West Germany

Table 34.—Imports of Chemicals and Chemical Products, 1959 and 1962—Continued

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Plastic molding materials.....	15,053	24,795	+63	9,628	38	
Polystyrene and styrene copolymers.....	4,355	4,594	+5	1,114	24	United Kingdom, Canada, United States
Polyethylene molding compounds.....	9,125	15,720	+72	8,220	52	United States, Canada, United Kingdom
Polyvinyl-chloride and vinyl copolymers.....	456	1,698	+272	12	0	United Kingdom, Japan
Plastic molding materials, n.e.s.....	1,137	2,783	+145	282	10	United Kingdom, Netherlands
Miscellaneous chemical products.....	9,644	12,107	+25	1,854	15	
Explosives and ammunition.....	159	1,057	+564	523	49	United States, Japan
Fireworks.....	1,969	2,249	+14	1	1	Macao
Plastics film, tubes, sheets, scrap.....	4,228	4,148	-1	786	18	Japan, United Kingdom
Other.....	3,288	4,653	+41	544	11	United Kingdom, West Germany

Source: Commerce & Industry Dept., Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.
n.e.s.=Not elsewhere specified.

Table 35.—Imports of Hides, Leather, and Leather Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	6,449	5,856	-9	1,123	19	
Hides and furs, undressed.....	945	789	-16	1	(1)	Cambodia, Australia
Sole leather.....	1,427	781	-45	11	1	Australia
Upper leather.....	3,111	3,046	-2	763	25	West Germany, United Kingdom, United States
Other parts of footwear.....	232	195	-15	122	62	United Kingdom, United States
Leather, n.e.s.....	437	472	+8	95	20	Japan, France
Leather manufactures, n.e.s.....	140	130	-7	22	16	United Kingdom
Furs, dressed.....	157	443	+181	109	24	Canada, United States

¹ Less than 1. n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 36.—Imports of Rubber and Rubber Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	6,392	7,347	+14	952	13	
Rubber smoked sheets.....	2,467	1,976	-19	0	0	Malaysia
Rubber crepe.....	1,080	799	-26	0	0	Malaysia
Synthetic rubber.....	254	757	+198	387	51	United States, Japan
Other crude rubber.....	158	186	+17	3	1	Malaysia
Rubber fabricated sheets.....	92	178	+94	114	64	United States
Other rubber fabricated materials.....	489	1,152	+135	243	21	United States, United Kingdom, Japan, West Germany
Rubber tires and tubes.....	1,282	1,329	+3	110	8	United Kingdom, Japan
Rubber belts and belting.....	147	210	+42	11	5	Japan
Foam rubber articles.....	62	210	+237	(1)	(1)	Malaysia
Rubber manufactures, n.e.s.....	361	550	+52	84	15	United Kingdom, United States, Japan

n.e.s.=Not elsewhere specified. ¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 37.—Imports of Wood, Lumber, Cork, and Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	17,800	19,628	+10	134	(¹)	
Fuelwood sawdust.....	1,747	811	-53	0	0	Malaysia.
Charcoal.....	2,257	1,940	-14	0	0	Malaysia.
Hardwoods in the round.....	5,406	8,174	+51	0	0	Malaysia.
Hardwoods, shaped.....	494	765	+54	0	0	Malaysia.
Other woods in the round.....	381	480	+25	0	0	Thailand, India.
Other woods, shaped.....	2,152	2,120	-1	109	5	Burma.
Logs, n.e.s.....	657	391	-40	0	0	Mainland China, Taiwan.
Cord blocks and sheets.....	110	75	-31	0	0	Portugal.
Plywood.....	2,811	1,814	-35	0	0	Japan, Mainland China.
Hardboard fiber.....	391	551	+40	0	0	Sweden.
Insulating board.....	116	128	+10	13	9	Sweden, Taiwan.
Wood manufactures, n.e.s., excluding furniture.....	1,080	2,012	+86	12	1	Mainland China.
Cork manufactures, n.e.s.....	198	367	+85	0	0	Portugal.

¹ Less than 1.

n.e.s.—Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 38.—Imports of Pulp, Paper, and Paper Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	20,335	27,458	+35	3,050	11	
Pulp.....	0	0	0	0	0	None.
Waste paper.....	368	298	-19.	280	94	United States.
Newsprint paper, rolls, and sheets.....	3,045	3,990	+31	17	(¹)	Mainland China, Scandinavia.
Printing and writing paper, rolls and sheets.....	4,078	5,618	+38	122	2	Japan, Mainland China, United Kingdom.
Packing and wrapping paper, rolls and sheets.....	2,503	2,485	-1	87	3	Scandinavia, Japan, Mainland China.
Paperboard.....	2,625	5,828	+122	1,610	27	Japan, United States, Scandinavia.
Impregnated paper.....	560	788	+40	105	13	Japan.
Cigarette paper.....	157	438	+178	295	68	United States.
Strawboard.....	1,085	1,120	+3	0	0	Taiwan.
Paper containers.....	368	473	+28	105	22	Japan.
Envelopes, notepaper.....	68	137	+101	22	16	United Kingdom.
Joss paper.....	1,803	1,610	-10	0	0	Mainland China.
Toilet paper, napkins, etc.....	700	1,120	+60	225	20	United Kingdom, United States, Norway.
Other paper and paperboard articles.....	2,975	3,553	+19	182	5	United Kingdom, Norway.

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 39.—Imports of Principal Textile Categories, 1959 and 1962

[US\$ millions, rounded]

Textile	1959	1962	Percent change 1959 to 1962	From United States, 1962	U.S. share, 1962, in percent
Total.....	214.4	263.0	+22	22.3	8
Fibers.....	46.8	76.5	+63	12.4	16
Yarns.....	34.7	22.9	-34	0.04	2
Fabrics.....	101.0	117.0	+16	6.1	5
Made-up articles.....	20.3	29.1	+43	0.9	3
Clothing.....	11.6	17.4	+50	2.9	16

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 40.—Imports of Textile Fibers, 1959 and 1962

[US\$ thousands, rounded]

Fiber	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	46,809	76,480	+63	12,359	16.2	
Raw cotton.....	36,301	59,847	+64	12,241	20	Brazil, United States, East Africa, Pakistan, Burma, Mexico.
Cotton mill waste.....	195	1,871	+858	0.5	(1)	India, Pakistan
Wool tops.....	3,712	10,117	+172	0	0	Australia, Japan, Uruguay
Jute and jute waste.....	309	1,193	+285	0	0	Thailand
Raw silk hanks.....	939	1,387	+47	0	0	Mainland China, Japan
Vegetable fibers and waste n.e.s.....	668	658	-1	0	0	Mainland China, Philippines
Manmade fibers.....	179	366	+103	10	3	United Kingdom, Japan
Fibers and waste n.e.s.....	4,506	1,041	-76	107	10	Mainland China, Japan

¹ Less than 1 percent.

n.e.s.=Not elsewhere specified.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 41.—Imports of Textile Yarns, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	34,738	22,890	-34	41	(1)	
Woolen yarn.....	3,216	10,210	+217	16	(1)	Japan
Cotton yarn, singles, grey.....	26,058	3,868	-79	0	0	Taiwan, Pakistan, Japan
Cotton yarn, plied, grey.....		1,523		0	0	Taiwan, Japan
Other cotton yarns.....	193	193	0	0	0	United Kingdom
Cotton thread.....	980	1,400	+42	15	1	Japan, United Kingdom
Cellulosic yarn.....	1,435	1,663	+15	0	0	Mainland China, Taiwan, United Kingdom
Polyamide yarn.....	2,030	2,923	+43	10	(1)	Taiwan
Acrylic yarn.....	1	315	+31,400	0	0	Japan
Other manmade yarns.....	75	175	+133	0	0	Japan
Textile yarn, n.e.s.....	750	620	-16	0	0	Japan

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics December 1959 and December 1962*, Hong Kong.

n.e.s.—Not elsewhere specified.

Table 42.—Imports of Fabrics, 1959 and 1962

[US\$ thousands, rounded]

Fabric	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
	100,979	116,567	+15	6,064	5	
Cotton sheeting, grey.....	7,795	8,003	+2	0	0	Mainland China.
Cotton poplin and broadcloth, grey.....	1,433	1,277	-10	0	0	Mainland China, Japan.
Cotton shirting, grey.....	3,240	4,269	+31	0	0	Mainland China, Japan.
Cotton fabrics grey, n.e.s.....	2,275	1,561	-31	13	8	Mainland China.
Cotton gingham.....		1,662		34	2	Japan.
Cotton corduroy.....		1,916		4	(1)	Japan.
Cotton sheeting, not grey.....		1,871		7	(1)	Mainland China, Japan.
Cotton poplin and broadcloth, not grey.....	41,995	19,106	-5	97	(1)	Japan, mainland China.
Cotton shirting, not grey.....		3,486		247	7	Japan, mainland China.
Cotton twill and sateen, not grey.....		2,558		76	3	Japan.
Cotton yarn dyed fabric.....		2,272		172	7	Japan.
Cotton fabrics, not grey, n.e.s.....		7,029		568	8	Japan, mainland China.
Silk fabrics.....	6,090	8,972	+47	117	1	Mainland China, Japan.
Wool fabrics.....	14,870	19,339	+30	240	1	United Kingdom, Japan, Italy.
Linen fabrics.....	1,572	549	-65	1	1	United Kingdom.
Rayon fabrics, continuous filament.....	6,037	6,961	+15	1,283	18	Japan, United States, mainland China.
Rayon fabrics, spun.....	9,189	9,091	-1	230	2	Japan, mainland China.
Polyester fabrics, continuous filament.....	728	6,413	+781	1,053	16	Japan, United States, United Kingdom, Canada.
Polyester fabrics, spun.....	164	2,298	+1,304	743	32	Japan, United States.
Nylon fabrics, continuous filament.....	927	2,291	+147	635	27	Japan, United States, Italy.
Nylon fabrics, spun.....	975	890	-8	299	33	Japan, United States.
Knitted fabrics, n.e.s.....	2,042	3,878	+89	191	4	United Kingdom, Italy, West Germany.
Fabrics, n.e.s.....	1,648	876	-46	54	6	United Kingdom, Japan.

1 Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.—Not elsewhere specified.

Table 43.—Imports of Textile Made-up Articles, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	20,327	29,120	+43	860	3	
Lace and ribbons.....	789	1,340	+69	124	9	Japan, mainland China.
Rubberized and plastic coated articles.....	2,283	3,642	+59	78	2	Japan.
Elastic and webbing.....	1,188	1,528	+28	77		Japan.
Cordage.....	1,699	1,597	-6	3	(1)	Mainland China, West Germany.
Gunny and other bags.....	1,135	1,336	+17	1	(1)	Mainland China.
Blankets, quilts, and hedspreads.....	823	1,378	+67	66	5	Japan.
Sheets and pillow cases.....	279	1,142	+309	207	18	Mainland China.
Towels.....	940	2,787	+196	108	4	Mainland China.
Tablecloths and napkins.....	7,788	8,903	+14	0	0	Mainland China.
Tapestries and carpets.....	1,731	1,338	-22	6	(1)	Mainland China.
Other.....	1,672	4,129	+146	190	5	Mainland China, Japan.

1 Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

Table 44.—Imports of Clothing, 1959 and 1962

[US\$ thousands, rounded]

Clothing	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	11,587	17,365	+50	2,941	16	
Stockings and socks.....	727	1,211	+66	148	12	Taiwan, Japan
Shirts, knit.....	359	858	+138	781	91	United States
Shirts, not knit.....	1,432	2,652	+85	726	27	Mainland China, United States
Swimsuits and trunks.....	569	90	+59	53	58	United States
Underwear, men's.....	584	1,421	+218	164	11	Mainland China
Underwear, women's and children's.....						United States, mainland China
Nightwear, men's, women's and children's.....	176	421	+139	42	10	Mainland China, United States, United Kingdom
Jacket, jumper, sweater, men's.....	2,635	1,018	+60	156	15	Mainland China, United Kingdom, Japan
Jacket, jumper, sweater, women's.....						Japan
Jacket, jumper, sweater, children's.....						United Kingdom, Japan
Blouses, jumpers.....	908	628	-30	24	3	Mainland China, Japan
Dresses, frocks, gowns, and skirts.....	180	776	+331	59	7	Japan
Suits, slacks, shorts, jeans and overalls.....	348	474	+36	53	11	Mainland China
Outerwear and overcoats.....	811	795	-2	105	13	Mainland China
Gloves and mittens.....	267	217	-18	7	3	Mainland China
Hats and headgear.....	291	368	+26	9	2	Mainland China
Handkerchiefs.....	1,914	1,607	-16	11	1	Japan, mainland China
Neckties.....	117	136	+16	103	75	United States
Scarves, shawls, mufflers.....	586	792	+35	5	1	Japan
Clothing, n.e.s.....	317	259	-18	96	37	United States

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

Table 45.—Imports of Nonmetallic Minerals and Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	17,080	22,873	+34	490	2	
Lime.....	472	700	+48	0	0	Mainland China, Japan.
Cement.....	6,842	9,135	+33	0	0	Mainland China, Japan, Taiwan.
Asbestos cement products for building.....	892	998	+12	35	3	United Kingdom.
Asbestos manufactures, not building materials.....	228	350	+53	17	5	United Kingdom.
Worked building stone.....	263	350	+33	0	0	Italy.
Bricks and tiles of brick earth.....	647	910	+40	0	0	Mainland China.
Wall, floor tiles, etc., not of brick earth.....	1,295	1,995	+54	8	(1)	Japan, East Germany.
Carbon products.....	228	420	+84	35	8	Japan.
Glass containers.....	315	735	+133	122	16	Japan.
Tableware glass.....	385	718	+86	105	14	Mainland China, United States, Japan.
Tableware products—glass, porcelain, clay.....	2,555	2,695	+5	12	(1)	Mainland China, Japan.
Sheetglass.....	1,050	1,102	+5	0	0	Mainland China, Japan.
Plate and wired glass.....	228	438	+92	35	8	United Kingdom.
Glass articles, n.e.s.....	560	542	-3	35	6	Italy, United Kingdom, Japan.
Other.....	1,120	1,785	+59	87	5	Mainland China, United Kingdom, Japan.

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

N.e.s.=Not elsewhere specified.

Table 46.—Imports of Jewelry, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	28,784	53,323	+85	4,810	9	
Platinum.....	298	245	-17	0	0	West Germany
Precious stones except diamonds, cut and uncut.....	280	228	-18	1	(1)	India, Malaya, Ceylon
Jade, uncut.....	70	420	+500	0	0	Burma
Jade, cut, polished, unset.....	752	578	-23	0	0	Mainland China
Semiprecious stones, except jade, uncut.....	35	245	+600	11	4	Mozambique, West Germany, Belgium
Semiprecious stones, except jade, cut, polished, unset.....	122	245	+100	18	7	Mexico, mainland China, Japan
Synthetic precious stones.....	14	52	+271	0	0	Thailand
Diamonds, cut, polished, unset.....	25,288	47,372	+87	4,288	9	Belgium, South Africa, Israel, United States, United Kingdom
Natural and cultured pearls.....	1,015	2,415	+138	5	(1)	Japan
Jewelry of precious metals, n.e.s.....	51	403	+690	125	31	Italy
Silver and goldsmiths' wares, n.e.s.....	385	403	+4	210	52	United States, United Kingdom
Metal watchbands.....	123	245	+99	70	28	Switzerland, Japan, United States
Imitation jewelry.....	263	315	+19	122	38	United States, Japan
Imitation precious stones, glass.....	88	157	+78	0	0	Czechoslovakia, United Kingdom

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

Table 47.—Imports of Metalliferous Ores, Scrap, and Base Metals, 1959 and 1962

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total.....	38,230	53,132	+39	3,008	5	
Metalliferous ores and scrap, total.....	2,322	4,057	+75	118	3	
Metalliferous ores.....	115	88	-23	36	41	Mainland China, United States
Iron and steel scrap.....	1,264	2,747	+118	82	3	United Kingdom
Brass and bronze scrap.....	449	781	+73	0	0	South Korea
Other metal scrap.....	494	441	-11	0	0	United Kingdom
Base metals, worked and unworked, total.....	35,908	49,075	+36	2,890	6	
Pig sponge iron.....	490	315	-35	0	0	Mainland China
Iron and steel ingots, blooms, slabs, bars.....	147	385	+161	0	0	Mainland China, United Kingdom
Iron and steel joists, girders, angles.....	1,365	2,713	+98	0	0	United Kingdom, Japan
Iron and steel wire, rods.....	1,960	2,573	+31	74	3	Japan, United Kingdom
Iron steel bars, tubes, pipes.....	6,527	15,400	+135	7	(1)	Japan, Mainland China, United Kingdom
Iron steel sheets and plates.....	2,117	2,660	+25	3	(1)	Japan, United Kingdom
Iron or steel sheets and plates.....	630	1,225	+94	245	20	United Kingdom, Japan, United States
Iron or steel cast tubes and pipes.....	1,470	1,312	-10	1	(1)	United Kingdom
Blackplate.....	4,830	3,920	-18	1,470	37	United States, United Kingdom, Japan, Australia
Tinplate primes, waste, strips, and n.e.s.....	2,380	2,432	+2	717	29	United Kingdom, United States, Australia
Galvanized sheets.....	980	1,382	+41	26	2	Japan
Ferroalloys.....	595	507	-14	4	(1)	Sweden
Other iron and steel products.....	892	630	-29	42	7	Japan, United Kingdom
Copper plates, tubes, pipes, bars, rods, wire.....	490	1,050	+114	16	2	United Kingdom, Japan
Brass sheets, strips, bars, rods, tubes.....	2,957	3,920	+32	0	0	United Kingdom, Japan
Other copper and brass, including bronze products..	117	805	+588	12	2	Japan, United Kingdom

See footnote at end of table.

Table 47.—Imports of Metalliferous Ores, Scrap, and Base Metals, 1959 and 1962—Continued

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Base metals, worked and unworked, total—Con.						
Nickel products.....	472	262	-44	51	19	United Kingdom, United States
Aluminum, unwrought.....	4,830	3,167	+34	35	1	Canada
Aluminum wire, plates, foil.....	945	1,645	+74	87	5	Japan, United Kingdom
Other aluminum products.....	210	437	+108	52	12	United Kingdom
Lead products.....	93	122	+31	0	0	Mainland China
Zinc products.....	945	1,207	+27	16	1	Australia
Tin products.....	402	490	+21	7	1	Malaysia, Mainland China
Other base metal products, n.e.s.....	64	516	+705	25	4	Japan

¹ Less than 1 percent.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

Table 48.—Imports of Metal Manufactures, 1959 and 1962

[US\$ thousands, rounded]

Category	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal supplier
Total.....	10,359	13,956	+34	1,475	11	
Window and door frames.....	1,172	2,432	+107	140	5	United Kingdom.
Finished structural parts for building.....	350	578	+65	123	21	United Kingdom.
Locks and keys.....	490	595	+21	0	0	United Kingdom.
Venetian blinds.....	192	194	+1	105	54	United States, Netherlands.
Household fittings, n.e.s.....	507	613	+20	88	14	United Kingdom.
Hand tools and implements.....	892	1,470	+64	105	7	United Kingdom, Japan, West Germany.
Nuts, bolts, screws, nails.....	1,032	1,102	+6	18	1	Japan, mainland China, United Kingdom.
Wire cable, uninsulated.....	543	665	+22	2	(1)	United Kingdom.
Wire netting.....	280	437	+56	70	16	Malaya, Belgium.
Chains.....	210	455	+116	17	3	West Germany.
Household utensils.....	648	578	-10	35	6	Mainland China, United Kingdom.
Cutlery.....	1,103	945	-14	70	7	Japan, United Kingdom.
Pins and needles.....	175	228	+30	8	3	West Germany.
Metal containers for storage.....	280	245	-12	35	14	United Kingdom, France, Malaya.
Marine hardware.....	228	508	+122	88	17	United Kingdom.
Welding electrodes.....	490	455	-7	5	1	United Kingdom.
Safes, cash boxes, and vault fittings.....	88	420	+377	228	54	United States, United Kingdom.
Other manufactures of metal.....	1,679	2,036	+21	338	17	Japan, United Kingdom, United States.

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

Table 49.—Imports of Machinery and Transport Equipment, 1959 and 1962

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Total	74,637	124,403	+66	20,232	16	
Nonelectric machinery and parts	30,981	51,159	+65	12,995	25	
Steam generating boilers and parts	517	3,108	+501	102	3	United Kingdom.
Steam engines and parts	1,113	1,407	+26	14	10	United Kingdom.
Aircraft engines and parts	738	2,107	+185	1,903	90	United States.
Marine engines, diesel and outboard	1,807	2,899	+60	662	22	United Kingdom, United States, Japan.
Engines and parts, n.e.s.	1,172	1,738	+48	250	14	United Kingdom.
Agricultural machinery	239	889	+271	349	39	United Kingdom.
Typewriters	874	1,534	+75	201	13	West Germany, Netherlands, United States.
Accounting machines	552	995	+80	577	57	United States, Italy.
Office machinery and parts, n.e.s.	370	659	+78	158	23	United Kingdom, United States.
Metalworking machinery, including machine tools and parts	727	1,626	+123	152	9	West Germany, United Kingdom, Japan.
Pumps, liquid, air and gas, and parts	947	1,427	+50	222	15	United Kingdom, West Germany.
Forklift and other industrial trucks	44	448	+902	246	55	United States.
Mechanical handling equipment, elevators, escalators	2,052	2,604	+26	162	6	Italy, Belgium, United Kingdom.
Parts for mechanical handling equipment, elevators, escalators	574	3,062	+433	101	3	Switzerland, Japan.
Construction machinery and parts	280	2,073	+638	853	41	United States, Japan.
Mining and oil-drilling machinery and parts	104	509	+388	9	1	West Germany, Japan.
Printing and bookbinding machinery	775	1,475	+90	235	15	West Germany, Netherlands, United Kingdom.
Textile machinery and parts	8,700	7,944	-8	645	8	Japan, West Germany.
Sewing machines, industrial and household, and parts	3,165	1,762	-44	436	24	Japan, West Germany.
Air conditioners	1,523	2,726	+79	2,650	97	United States.
Air conditioning and refrigeration equipment and parts	1,297	2,814	+116	2,251	80	United States.
Nonelectric machinery and parts, n.e.s.	3,411	7,353	+115	817	11	United Kingdom, Japan.
Electrical machinery and parts	26,549	42,944	+61	1,446	3	
Generators and motors	1,839	1,610	-12	53	3	United Kingdom, West Germany.
Transformers, converters, and rectifiers	832	2,499	+200	6	(1)	United Kingdom.
Switchgear switchboards	1,415	2,273	+60	1	(1)	United Kingdom.
Parts for above machinery and equipment	120	568	+374	2	(1)	Australia, United Kingdom.
Batteries, tubes, and bulbs	1,552	2,011	+29	158	7	Japan, Netherlands.
Commercial radio and radar equipment	504	1,010	+100	95	9	United Kingdom, Switzerland.
Transistor radios	7,496	5,616	+79	50	(1)	Japan.
Radio sets and parts		7,856		412	5.2	Japan.
Television sets	52	976	+1,764	1	(1)	United Kingdom, Japan.
Radiograms	835	1,116	+33	0	(1)	Japan.
Telegraphy apparatus	1,935	3,365	+73	17	(1)	United Kingdom.
Electric fans	1,022	2,174	+112	105	4	Japan.
Miscellaneous household appliances and parts	829	1,725	+108	319	18	United Kingdom, Japan.
Cable and wire for electricity	4,801	5,134	+6	8	(1)	United Kingdom.
Electrical machinery and parts, n.e.s.	3,317	5,011	+51	219	4	United Kingdom, Japan.

See footnote at end of table.

Table 49.—Imports of Machinery and Transport Equipment, 1959 and 1962—Continued

[US\$ thousands, rounded]

Item	1959	1962	Percent change, 1959 to 1962	From United States, 1962	U.S. share, 1962, percent	Principal suppliers
Transport equipment.....	17,106	30,300	+77	5,791	19.1	
Railroad cars and parts.....	55	1,224	+2,127	0	0	United Kingdom.
Automobiles not over 1,000 cc.....	677	1,461	+116	0	0	United Kingdom, France.
Automobiles, 1,000 to 1,600 cc.....	2,746	3,184	+16	0	0	United Kingdom, Italy, West Germany.
Automobiles, 1,600 to 2,200 cc.....	834	2,468	+195	0	0	West Germany, United Kingdom.
Automobiles, 2,200 to 2,800 cc.....	1,002	1,261	+25	134	10	United Kingdom, Canada, West Germany.
Automobiles, over 2,800 cc.....	609	1,006	+65	163	16	Canada, United Kingdom, United States.
Motorcycles and scooters.....	339	378	+11	2	(1)	Japan, Italy.
Buses.....	96	514	+436	0	0	United Kingdom.
Delivery trucks.....	480	1,564	+225	60	3	United Kingdom.
Special purpose trucks.....	248	426	+72	36	8	United Kingdom.
Chassis, engine mounted, of buses and trucks...	2,217	3,520	+58	3	(1)	United Kingdom.
Parts and accessories for motor vehicles.....	1,432	3,056	+113	101	3	United Kingdom, West Germany.
Aircraft complete.....	0	3,675		3,675	100	United States.
Aircraft parts.....	2,246	1,119	-50	929	83	United States.
Ships and boats.....	2,917	3,879	+32	674	17	United Kingdom, United States.
Transport equipment and parts n.e.s.,.....	1,208	1,565	+29	14	(1)	United Kingdom.

¹ Less than 1.

Source: Commerce and Industry Department, Hong Kong, *Hong Kong Trade Statistics, December 1959 and December 1962*, Hong Kong.

n.e.s.=Not elsewhere specified.

cc=cubic centimeters.

APPENDIX A

Selected Economic Data

Table A1.—Principal Trade Items, January Through September, 1962 and 1963

[US\$ millions, rounded]

Items	January through September, 1962	January through September, 1963	Percent change
Trade, total	1,422.5	1,583.5	+11
Imports:			
Textile yarn, fabrics, and made-up articles	121.1	136.6	+14
Textile fiber	54.7	65.7	+20
Cereal and cereal preparations	64.2	60.1	-6
Base metals	35.7	42.8	+20
Electric machinery and equipment	32.1	43.7	+36
Exports and reexports:			
Clothing	149.5	179.4	+20
Textile yarn, fabrics and made-up articles	89.0	102.2	+15
Plastic flowers and toys	43.7	48.8	+12
Electric machinery and equipment	16.9	21.1	+25
Metal manufactures	18.1	18.7	+3

Source: Commerce and Industry Department, Hong Kong, *Monthly Report for October 1963*, Hong Kong.

Table A2.—Principal Trading Partners, January Through September, 1962 and 1963

[US\$ millions, rounded]

Partners	January through September, 1962	January through September, 1963	Percent change
Trade, total	1,422.1	1,572.0	+11
Imports, total	862.0	936.8	+9
Mainland China	147.7	179.1	+22
Japan	140.4	152.9	+10
United Kingdom	97.6	111.7	+15
United States	109.1	99.2	-9
Western Europe	114.3	117.0	+3
Southeast Asia	105.5	102.5	-2
Other	147.4	174.4	+19
Exports, total	424.9	487.4	+16
United States	113.5	123.8	+10
United Kingdom	94.6	112.4	+20
Southeast Asia	65.3	68.2	+5
Western Europe	43.8	59.5	+37
Japan	9.3	15.0	+63
Mainland China	1.2	1.1	-3
Other	97.3	107.5	+11
Reexports, total	135.2	147.8	+10
Southeast Asia	52.9	56.1	+7
Japan	17.2	23.4	+37
Western Europe	7.0	9.4	+25
Mainland China	11.5	9.3	-19
United Kingdom	2.9	5.0	+75
United States	3.9	4.6	+18
Other	39.3	40.1	+3

Source: American Consulate General, Hong Kong, *Quarterly Economic Summary—Third Quarter 1963*, Hong Kong.

Table A3.—Trends in the U.S. Share of the Hong Kong Market, by Commodity and Competitor, First 9 Months 1963 Compared to First 9 Months 1962 ¹

Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months 1963 (+) or (-) first 9 months 1962 ³	Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months 1963 (+) or (-) first 9 months 1962 ³
	Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent			Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent	
Imports, total.....	862,022	100	935,349	100	+9	Antibiotics.....	6,270	100	4,170	100	-32.9
United States.....	109,134	13	99,011	11	-9	United States.....	4,148	66	2,164	52	-47
Communist China.....	147,691	17	179,033	19	+22	Italy.....	763	12	737	18	-3
Japan.....	140,430	16	152,671	16	+10	United Kingdom.....	521	8	374	9	-28
United Kingdom.....	97,622	11	111,521	12	+15	Poultry, fresh, frozen or chilled.....	2,371	100	2,380	100	+1.3
Thailand.....	42,313	5	36,480	4	-13	United States.....	2,111	89	1,922	81	-8
West Germany.....	24,703	3	24,913	3	+2	Communist China.....	118	5	166	7	+42
Malaysia.....	18,656	2	24,096	3	+30	Denmark.....	9	0	118	5	+14
Australia.....	26,715	3	23,501	3	-11	Fabrics of wool.....	12,460	100	16,349	100	+30
Cotton, raw.....	41,840	100	51,635	100	+25	United States.....	197	2	1,693	10	+767
United States.....	11,236	27	7,427	14	-33	United Kingdom.....	4,779	38	5,276	32	+11
Pakistan.....	5,028	12	18,649	36	+273	Japan.....	3,574	29	4,629	28	+30
Brazil.....	8,536	20	6,252	12	-26	Polystyrene and styrene copolymers.....	3,481	100	4,280	100	+24
Cigarettes.....	7,723	100	8,912	100	+16	United States.....	764	22	1,681	39	+122
United States.....	5,516	71	6,453	72	+18	Canada.....	967	28	1,130	26	+17
United Kingdom.....	2,157	28	2,427	27	+14	United Kingdom.....	993	29	637	15	-35
Malaysia.....	1	(4)	24	0	+25	Air conditioning, refrigerating equipment, n.e.s., and parts.....	1,645	100	2,042	100	+25
Diamonds, cut, polished, uncut.....	34,000	100	37,466	100	+11	United States.....	1,325	80	1,657	81	+26
United States.....	2,995	9	6,256	17	+11	United Kingdom.....	110	7	233	11	+114
Belgium.....	13,278	39	12,573	34	-5	West Germany.....	66	4	61	3	-6
Israel.....	6,647	20	10,014	27	+52	Ginseng.....	2,642	100	2,685	100	+2
Oranges, tangerines.....	7,024	100	6,717	100	-4	United States.....	1,400	53	1,593	59	+14
United States.....	5,875	84	4,593	68	-21	Japan.....	566	21	406	15	-27
Communist China.....	460	7	771	11	+69	Communist China.....	272	10	260	10	-3
South Africa.....	127	2	388	6	+208	Food waste and prepared animal feed, n.e.s.....	1,219	100	1,439	100	+19
Tobacco leaf.....	5,984	100	6,021	100	+2	United States.....	954	78	1,242	86	+31
United States.....	3,705	62	3,516	58	-4	United Kingdom.....	92	8	92	6	+1
Rhodesia-Nyasaland.....	1,482	25	1,501	25	+2	Communist China.....	7	1	28	2	+293
India.....	110	2	154	3	+41	Fabrics, terylene type, continuous filament.....	4,895	100	8,094	100	+66
Air conditioners.....	2,417	100	3,126	100	+30	United States.....	1,005	21	1,177	14	+18
United States.....	2,341	97	2,996	96	+29	Japan.....	2,608	53	5,361	66	+107
Japan.....	33	1	49	2	+50	United Kingdom.....	574	12	958	11	+68
Italy.....	0	0	43	1	0	Paperboard.....	4,358	100	4,574	100	+6
Polythene molding compounds.....	13,628	100	8,915	100	-34	United States.....	1,191	27	1,089	24	-8
United States.....	7,572	56	2,578	29	-65	Japan.....	1,516	35	1,802	39	+20
Japan.....	638	5	3,045	34	+381	Sweden.....	505	11	550	12	+10
Canada.....	2,636	19	1,644	18	-37	Food preparations, n.e.s.....	1,303	100	1,538	100	+19
Soybean oil.....	6,719	100	2,378	100	-64	United States.....	863	66	972	63	+14
United States.....	4,448	66	2,368	100	-46	South Africa.....	94	7	143	9	+53
United Kingdom.....	0	0	5	0	0	Communist China.....	124	9	142	9	+16
Taiwan.....	0	0	2	0	0						
Pharmaceutical products.....	6,330	100	6,324	100	+1						
United States.....	1,594	25	2,207	35	+40						
United Kingdom.....	1,508	24	1,310	21	-22						
Switzerland.....	766	12	754	12	-1						

See footnotes at end of table.

Table A3.—Trends in the U.S. Share of the Hong Kong Market, by Commodity and Competitor, First 9 Months 1963 Compared to First 9 Months 1962¹—Continued

Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months 1963 (+) or (-) first 9 months 1962 ³	Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months, 1963 (+) or (-), first 9 months 1962 ³
	Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent			Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent	
Lubricating oil.....	2,350	100	1,800	100	-23	Meat, fresh, frozen or chilled, n.e.s.....	2,099	100	1,582	100	-24
United States.....	919	39	953	53	+5	United States.....	1,137	54	582	36	-48
United Kingdom.....	653	28	430	24	-34	Communist China.....	193	9	573	36	+199
France, Netherlands West Indies.....	0	0	227	13	0	Denmark.....	365	17	139	8	-61
Vitamins.....	1,226	100	1,475	100	+21	Sugar confectionery.....	1,048	100	1,781	100	+71
United States.....	835	68	932	63	+12	United States.....	330	31	565	31	+72
Switzerland.....	6	11	167	11	+2,821	Communist China.....	166	16	485	20	+194
United Kingdom.....	92	8	76	5	-16	United Kingdom.....	275	26	307	17	+12
Fabrics, rayon type, continuous filament.....	5,150	100	5,961	100	+16	Sports goods.....	927	100	985	100	+7
United States.....	1,148	22	906	15	-20	United States.....	582	62	551	56	-4
Japan.....	2,721	53	3,332	56	+23	United Kingdom.....	242	26	233	23	-3
Communist China.....	640	12	593	10	-4	Australia.....	8	0	95	9	+12
Fountain pens.....	1,200	100	1,323	100	+11	Domestic refrigerators, electric.....	1,998	100	2,271	100	+14
United States.....	769	64	880	66	+15	United States.....	457	22	532	23	+17
West Germany.....	69	6	225	17	+230	Italy.....	688	34	1,037	45	+52
Communist China.....	162	14	108	8	-33	Japan.....	208	10	343	15	+66
Crustacea and mollusks, canned.....	1,275	100	1,230	100	-3	Textile machinery, n.e.s., and parts.....	3,606	100	3,838	100	+7
United States.....	818	64	849	69	+5	United States.....	295	8	519	13	+77
Japan.....	256	20	191	15	-25	Japan.....	1,593	44	1,556	40	-1
South Africa.....	179	14	160	13	-10	West Germany.....	969	26	943	24	-1
Upper leather.....	2,232	100	2,445	100	+10	Apples.....	1,950	100	2,577	100	+33
United States.....	572	25	767	31	+35	United States.....	307	15	518	20	+70
Malaysia.....	122	5	437	18	+260	Australia.....	812	41	934	36	+16
Communist China.....	0	0	275	11	0	Japan.....	454	23	573	22	+27
Iron and Steel, blackplate 29 BG and lighter.....	2,579	100	2,440	100	-4	Films, not exposed, movie... ..	909	100	993	100	+10
United States.....	1,054	40	722	29	-31	United States.....	449	49	473	47	+6
Japan.....	198	7	779	32	+297	Italy.....	127	14	164	16	+29
United Kingdom.....	783	30	574	23	-26	United Kingdom.....	69	7	110	11	+60
Films, not movie.....	853	100	1,405	100	+66	Aircraft engine parts.....	1,440	100	465	100	-67
United States.....	428	50	711	50	+67	United States.....	1,332	92	462	99	-65
United Kingdom.....	190	22	241	17	+27	Canada.....	103	7	3	0	-97
Japan.....	114	13	203	14	+80	United Kingdom.....	4	0	(⁴)	0	-87
Toilet preparations, n.e.s.	1,149	100	1,475	100	+29	Sanitary and plumbing fixtures of metal.....	1,047	100	1,358	100	+30
United States.....	475	41	665	45	+41	United States.....	344	32	452	33	+32
United Kingdom.....	462	40	552	27	+20	United Kingdom.....	335	32	300	22	-9
Japan.....	105	9	132	8	+27	West Germany.....	202	19	246	18	+22
Excavating machinery, complete.....	457	100	788	100	+73	Wheat spelt flour.....	4,668	100	3,621	100	-21
United States.....	269	58	661	83	+148	United States.....	416	8	422	11	+7
United Kingdom.....	101	22	109	13	+9	Canada.....	1,604	34	1,618	44	+1
Switzerland.....	0	0	17	2	0	Japan.....	1,813	38	951	26	-47

See footnotes at end of table.

Table A3.—Trends in the U.S. Share of the Hong Kong Market, by Commodity and Competitor, First 9 Months 1963 Compared to First 9 Months 1962 ¹—Continued

Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months 1963 (+) or (-), first 9 months 1962 ³	Commodity	1962 (first 9 months)		1963 (first 9 months)		Percent, first 9 months 1963 (+) or (-), first 9 months 1962 ³
	Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent			Value ² US\$000	Share of market, percent	Value ² US\$000	Share of market, percent	
Grapes	573	100	652	100	+14	Internal combustion engines, n.e.s. and parts	722	100	752	100	+5
United State.	364	63	416	63	+15	United States	168	23	314	41	+88
South Africa	155	27	123	18	-20	United Kingdom	464	64	338	45	-26
Communist China	47	8	103	15	+121	Japan	34	4	44	5	+31
Parts and machinery, n.e.s. .	3,033	100	2,739	100	-8	Industrial sewing machines .	548	100	939	100	+72
United States	383	12	412	15	+8	United States	229	42	313	33	+37
Japan	345	11	707	25	+106	Japan	121	22	239	25	+98
United Kingdom	1,523	50	692	25	-54	West Germany	114	21	219	23	+93
Citrus fruits, n.e.s.	410	100	474	100	+16	Milk, dry skimmed	452	100	413	100	-8
United States	312	76	388	81	+25	United States	334	73	312	76	-6
Communist China	71	17	74	15	+5	Australia	16	3	84	20	+427
Thailand	13	3	11	2	-1	New Zealand	91	20	15	3	-83
Knitted fabrics of textile fibers, n.e.s.	2,442	100	2,978	100	+23	Cotton fabrics, not grey n.e.s.	5,530	100	5,059	100	-8
United States	118	4	384	12	+226	United States	475	9	295	6	-37
United Kingdom	1,139	46	1,428	47	+26	Japan	3,543	64	2,257	44	-36
Italy	634	26	744	25	+18	Taiwan	339	6	1,292	26	+284
Aircraft parts	977	100	415	100	-57	Ball point pens	445	100	490	100	+11
United States	808	82	320	77	-60	United States	254	57	282	57	+12
Canada	85	8	55	13	-34	Japan	40	9	106	21	+170
United Kingdom	61	6	35	8	-41	Italy	22	5	36	7	+66
						Fruits, canned	432	100	548	100	+27
						United States	249	58	282	51	+14
						Communist China	55	13	98	18	+78
						Taiwan	45	10	78	14	+76

¹ Rank based on statistics for first 9 months of 1963. ² Exchange rates used: First 9 months, 1963 US\$1.00=HK\$5.765; First 9 months, 1962 US\$1.00=HK\$5.716. ³ Percentages based on HK\$—figures to avoid distortion resulting from US\$=HK\$ fluctuations. ⁴ Less than 0.1 percent of market. ⁵ Less than US\$1,000.

Source: American Consulate General, Hong Kong, *Trends in U.S. Share of Market*, compiled by Harold Champeau from *Hong Kong Trade Statistics* published by Commerce and Industry Department, Hong Kong.

NOTES: BG=British Gage. n.e.s.=Not elsewhere specified.

Table A4.—Construction Completed, January Through September, 1962 and 1963

[US\$ millions, rounded]

Type of construction	January through September 1962	January through September 1963	Percent change
Total	38.7	40.7	+6.0
Industrial	6.4	5.6	-12.7
Commercial	3.0	.6	-79.4
Residential	21.8	26.7	+23.7
Miscellaneous	5.9	5.8	-1.5
Site work	1.6	2.0	+31.5

Source: American Consulate General, Hong Kong, *Quarterly Economic Summary—Third Quarter 1963*. December 1963.

Table A5.—Hong Kong Government Revenues and Expenditures, Fiscal 1959 Through 1962 and Approved Estimate, Fiscal 1963 ¹

[Hong Kong dollars]

Item	1959	1960	1961	1962	Approved estimate, 1963 ¹
Revenue.....	664, 635, 001	859, 234, 131	1, 030, 447, 880	1, 253, 064, 584	1, 197, 065, 000
Expenditure.....	709, 953, 995	845, 297, 629	953, 205, 237	1, 113, 276, 099	1, 360, 040, 510
Balance.....	-45, 318, 994	+13, 936, 502	+77, 242, 643	+139, 788, 485	-162, 975, 510

¹ Fiscal year runs from April through March.

Source: Government Printer, Hong Kong, *Estimates of Revenue and Expenditure 1st April 1962 to 31st March 1963*, Hong Kong.
Government Printer, Hong Kong. *Hong Kong Government Gazette*, 21 June 1963. Hong Kong.

Table A6.—Currency and Banking, End of Year, 1959-62

[HK\$ millions, rounded] ¹

Item	1959	1960	1961	1962
Currency in circulation.....	896	984	1, 027	1, 042
Deposits.....	2, 056	2, 682	3, 367	4, 311
Demand.....	1, 205	1, 393	1, 470	1, 664
Time.....	482	752	1, 234	1, 768
Savings.....	369	537	663	879
Banking assets:				
Cash in hand.....	86	136	114	162
Net balances with other banks....	775	930	1, 041	1, 482
Loans and advances.....	1, 373	1, 720	2, 334	2, 849
Investments.....	133	166	232	191

¹ HK\$1=US \$0.175.

Source: Government Printer, Hong Kong, *Hong Kong Government Gazette*, Vital Statistics Supplement February 1960, February 1961, February 1962 and February 1963, Hong Kong.

Imports of Value Between \$100,000 and \$2 Million Not Supplied by the United States, 1962

Commodity

Live animals, n.e.s.¹
Pork, smoked, dry, salted, not canned
Meat, smoked, dry, salted, not canned
Corned beef
Fresh milk, cream
Fresh butter, canned
Ghee, tinned or not
Butter, n.e.s.¹
Eggs in shell, dyed, cooked, preserved

Cuttlefish, squids, dry, salted, smoked
Beche de mer, salted, dried, or smoked
Prawns, shrimps, salted, dried or smoked
Oysters, salted, dried, or smoked
Crustacea, mollusks, dry, salted, smoked, n.e.s.¹
Fresh water fish and preparations, canned
Rice cargo
Rice, glutinous
Barley, unmilled
Rolled oats
Malt roast, ground
Bananas, plantains
Lychees
Mangoes
Coconuts, fresh
Desiccated coconut
Melon seeds
Preserved fruits

Ginger, fresh or salted, not more prepared
Crude vegetable products for food, n.e.s.¹
Waterchestnut
Green tomatoes
Round cabbage
Tientsin cabbage
Sweet potatoes
Chinese melon
Chinese turnips (Tai Tau Choi), salted
Molasses, inedible

Tea, not China
Cardamoms
Pollard, sharps, etc.
Meat meal
Soy sauce
Birds nests, edible
Distilled alcoholic beverages, Chinese type
Chinese type smoking tobacco
Hides, undressed cattle, horses, mules, asses
Waste used leather

Hides, undressed, n.e.s.¹
Peanuts in shell
Palm kernels
Cottonseed
Sesamumseed
Oilseeds, nuts, n.e.s.¹
Rubber latex crepe
Rubber sole crepe
Scrap tires, tubes
Fuelwood, sawdust
China fir logs
Teakwood logs

Primary hardwood in the round
Secondary hardwood in the round
Sandalwood in the round
Decorative woods in the round
China pine, shaped
Light hardwoods, shaped
Raw silk hanks
Sheep wool scoured
Fine hair, excluding wool, suitable for spinning
Jute and jute waste

See footnotes on page 92.

Manila hemp tow
Vegetable textiles fibers and waste, n.e.s.¹
Polyester fibers
Natural fertilizers of animal vegetable origin
Salt, including salt for retail sale
Brass, bronze scrap
Copper scrap
Bones, boofs, etc.
Downs
Gallnuts.

Pine resin
Rattan core peel
Seagrass
Bamboo canes
Bamboo splits
Bamboo poles
Cassia
Coke
Aviation spirit
Gas oil
Fish oils

Linseed oil
Coconut copra oil
Tung oil wood oil
Sesamum oil
Sodium hydroxide
Sodium carbonate
Sodium hydrosulphite
Sodium silicate
Ammonium chloride
Bleaching powder
Calcium carbide
Mercury
Potassium chlorate
Potassium nitrate

Zinc oxide
Acetic acid
Menthol crystals
Dibutyl phthalate
Tanning extracts
Lithopone
Sulfadimidine
Pharmaceutical products of Chinese type
Cassia oil
Synthetic nitrates
Sulfate ammonia

High explosives
Gluten and gluten flour
Lacquer ware, wooden
Cork manufactures for building or insulation
Bituminized paper
Strawboard
Joss paper
Thrown silk
Spun silk yarn
Cotton yarn singles, grey up to 15s
Cotton yarn singles, grey, over 15s to 20s
Cotton yarn singles, grey over 20s to 32s
Cotton yarn singles, grey, over 32s to 40s
Cotton yarn plied, grey, over 15s to 20s
Cotton yarn plied, grey, over 20s to 32s
Cotton yarn plied, grey, over 32s to 40s
Cotton yarn plied, grey, over 40s to 60s
Cotton yarn plied, grey, over 60s
Cotton thread, grey
Cotton yarn singles, not grey
Cotton yarn plied, not grey
Cellulosic yarn, continuous filament
Acrylic yarn, spun
Yarn of synthetic fiber, continuous filament, n.e.s.¹
Yarn of textile fibers mixed with metal

**Imports of Value Between \$100,000 and \$2 Million
Not Supplied by the United States, 1962—
Continued**

Commodity

Cotton poplin and broadcloth, grey
Cotton twill and sateen, grey
Cotton jeans and denims, grey
Cotton velveteens

Cotton lawns, not grey
Fabrics of hemp and ramie
Fabrics of jute
Embroidery pieces not made-up
Braided and woven elastics, not cotton
Cordage rope of Manila hemp over ¼ inch
Cordage rope of sisal over ¼ inch
Cotton fishing nets
Cordage ropes, n.e.s.¹
Wadding, non sterile

Gunny bags
Cotton pillowcases, embroidered
Cotton table damasks and manufactures, plain
Carpets of vegetable plaiting materials, n.e.s.¹
Matting of vegetable plaiting for use in packing
Linoleum
Building stone, worked
Asbestos cement corrugated sheets
Asbestos cement pipes

Bricks and tiles of brick earth
Pipes of porcelain and earthenware
Sheetglass, unworked
Wire glass
Imitation precious stones of glass, unset
Platinum
Jade, uncut
Jade, cut, polished, unset
Natural and cultured pearls, unworked
Pig sponge iron
Iron and steel ingots, blooms, slabs, bars
Iron and steel plates, coated, 7 to 10 B.G.²
Railway rails
Railtrack, construction; rail accessories
Iron and steel wire rods
Steel conduits
Brass, wrought, n.e.s.¹

Lead, unwrought
Tin ingots
Kerosene stoves
Generating boilers, steam, over 500 horsepower
Parts of steam turbines and engines
Engines, road transport, diesel
Road rollers
Paper mill and pulp mill machinery
Textile machines for printing
Looms, power, for cotton weaving
Spinning frames, cotton
Bottling machines
Concrete mixers
Electric flat irons
Cable for electricity, plastic, insulated
Telecommunication cable
Wire winding, electric, insulated
Passenger cars
Freight cars
Rolling stock parts
Passenger motorcars not over 1,000 cubic centimeters
Motorcycles
Buses and motorcoaches
Motortrucks, not over 3 tons unladen weight
Bicycles
Bicycle parts
Prefabricated buildings, panels and parts
Furniture of vegetable plaiting materials, n.e.s.¹
Gloves and mittens, cotton knit
Handkerchiefs, not cotton, embroidered
Slippers of plastics, not embroidered
Thongs for sandals
Binoculars, telescopes, and field opera glasses
Clocks, not electric
Piano parts
Hand fans
Fancy carved articles of animal materials
Fancy carved articles of mineral materials
Articles of basketware or wickerwork, n.e.s.¹
Paint brushes
Chinese writing pens or artists' brushes
Joss sticks

¹ n.e.s.=not elsewhere specified.

² B.G.=British Gage.

Source: Commerce and Industry Department, Hong Kong. Data derived by W. K. Wong, American Consulate General Hong Kong, from *Hong Kong Trade Statistics*, 1962. Hong Kong.

APPENDIX B

Commercial Facilities

HONG KONG BANKS AUTHORISED TO DEAL IN FOREIGN EXCHANGE

*The Hongkong and Shanghai Banking Corporation,
1 Queen's Road C.
*The Chartered Bank, 4-4A Des Voeux Road C.
*Mercantile Bank, Ltd., 7 Queen's Road C.
The American Express Company, Inc.,
Union House, 8 Connaught Road C.
Bangkok Bank, Ltd., 60 Bonham Strand West
Bank Negara Indonesia
On Lok Yuen Building, 25 Des Voeux Road C
Bank of America N.T. and S.A.
Hong Kong Hilton Hotel, 1/f 2A Queen's Road C.
The Bank of Canton, Ltd., 6 Des Voeux Road C.
Bank of China, 2A Des Voeux Road C.
Bank of Communications 5B Chater Road
The Bank of East Asia, Ltd., 10 Des Voeux Road C.
The Bank of India, Ltd.,
Central Building, Queen's Road C.
The Bank of Korea,
Bank of East Asia Building, 10 Des Voeux Road C.
The Bank of Tokyo, Ltd., 8A Des Voeux Road C.
Banque Belge pour l'Etranger (Extreme-Orient), S.A.
Edinburgh House, 11 Queen's Road C.
Banque de l'Indochine,
Hang Seng Bank Building, 19/f, 77 Des Voeux Road C.
Banque Nationale pour le Commerce et l'Industrie,
Central Building, Queen's Road C.
Chase Manhattan Bank of New York,
15 Queen's Road C.
The Chekiang First Bank of Commerce (Hong Kong) Ltd.,
5 Chater Road
The China & South Sea Bank, Ltd., 4 Duddell Street
The China State Bank, Ltd.,
Edinburgh House, 11B Queen's Road C.
Chi Yu Banking Corporation, Ltd., 10 Ice House Street
Chung Khiaw Bank, Ltd., 15-18 Connaught Road C.
Thos. Cook & Son (Continental and Overseas), Ltd.,
Union House, 21 Chater Road
Deutsch-Asiatische Bank,
St George's Building, 11 Chater Road
First National City Bank, 2 Queen's Road C.
The Hongkong Chinese Bank, Ltd., 8 Duddell Street
Hong Kong Metropolitan Bank, Ltd.,
132-134 Bonham Strand East

Hongkong and Swatow Commercial Bank, Ltd.,
48A Bonham Strand West
The Indian Overseas Bank, Ltd.,
Dina House, 7-9 Duddell Street
Kincheng Banking Corporation 13A Queen's Road C.
Kwong On Bank, Ltd., 137-141 Queen's Road C.
Malayan Banking Limited, 1B Chater Road
Nanyang Commercial Bank, Ltd., 3 Ice House Street
National Bank of Pakistan,
Central Building, Queen's Road C.
The National Commercial Bank, Ltd.,
10A Queen's Road C
Nederlandsche Handel-Maatschappij, N.V. (Netherlands
Trading Society), Holland House, 9 Ice House Street
Oversea-Chinese Banking Corporation, Ltd.,
Edinburgh House, 13B Queen's Road C.
Overseas Trust Bank, Ltd., 5A Chater Road
Overseas Union Bank, Ltd., 14-16 Pedder Street
Shanghai Commercial Bank, Ltd., 6 Queen's Road C.
Sin Hua Trust, Savings and Commercial Bank, Ltd.,
Marina House, 17 Queen's Road C.
The Sumitomo Bank, Ltd.,
Liu Chong Hing Building, 24 Des Voeux Road C.
Sze Hai Tong Bank, Ltd., 36 Bonham Strand West
United Chinese Bank, Ltd., 29-37 Des Voeux Road C.
The United Commercial Bank, Ltd.,
4 Queen's Road C.
The Wing On Bank, Ltd., 22 Des Voeux Road C.

*Note issuing banks

Source: Commerce and Industry Department, Hong Kong,
Directory of Commerce, Industry and Finance, Hong Kong
1963, Hong Kong.

PRINCIPAL WAREHOUSE COMPANIES

Hong Kong and Kowloon Wharf and Godown Company,
Ltd.¹
Holt's Wharf
China Provident Company, Ltd.¹
North Point Wharves, Ltd.

¹ Provides freight forwarding services to all parts of the world.

SCHEDULED AIRLINES, HONG KONG

Air France
Air India
Alitalia
British Overseas Airway Corporation (BOAC)

Canadian Pacific Airlines
Cathay Pacific Airways
Civil Air Transport
Garuda Indonesian Airlines
Japan Airlines

Lufthansa
Malayan Airways
Macau Air Transport
Northwest Orient Airlines ¹
Pan American World Airways
Philippine Airlines
Qantas
Royal Air Cambodge
Royal Air Lao

Swissair
Thai International Airlines
United Arab Airlines
Air Vietnam

¹ No direct service to Hong Kong. Connects with other Hong Kong bound airlines in Tokyo.

Source: Director of Civil Aviation, Hong Kong, *Annual Departmental Report by the Director of Civil Aviation, 1961-62*, Hong Kong.

CONFERENCE SHIPPING LINES, HONG KONG

New York Freight Bureau (eastbound) Hong Kong to U.S.
Atlantic and gulf ports

Participating lines:

American Pioneer Line
American President Lines
Barber-Fern-Ville Lines
Barber-Wilhelmsen Line
Daido Kaiun Kaisha
De La Rama Lines
Iino Kaiun Kaisha, Ltd.
Kawasaki Kisen Kaisha
Lykes Bros. Steamship Co.
Maarsk Line
Marchessini Lines
Maritime Co. of the Philippines
Mitsubishi Line
Mitsui Line
Nippon Yusen Laisha
Osaka Shosen Kaisha
Prince Line, Ltd.
States Marine Lines, Inc.
United Philippine Lines
Yamashita Steamship Co., Ltd.

Trans Pacific Freight Conference (eastbound) Hong Kong to
Hawaii and U.S. west coast ports

Participating lines:

American Mail Line
American Pioneer Line
American President Lines
Barber-Wilhelmsen Line
Daido Kaiun Kaisha
De La Rama Lines
Fern-Ville Lines
Iino Kaiun Kaisha, Ltd.
Java-Pacific & Hoegh Lines
Kawasaki Kisen Kaisha
Klaveness Line
Knutsen Line
Maersk Line
Magsaysay Lines
Maritime Co. of the Philippines
Mitsubishi Line
Mitsui Line
Nippon Yusen Kaisha
Nissan Kisen Kaisha, Ltd.
Osaka Shosen Kaisha
P & O and Orient S.N. Cos.
Pacific Far East Line
Splosna Plovba
States Marine Lines, Inc.
States Steamship Co.
United Philippine Lines
Waterman Steamship Corp.
Yamashita Steamship Co., Ltd.

Far Eastern Freight Conference (outward from Europe;
homeward from Far East)

Participating lines:

American President Lines, Ltd.
Ben Line Steamers, Ltd.
China Mutual Steam Navigation Co., Ltd., and Ocean
Steamship Co. Ltd.
Cie, des Messageries Maritimes
Cie. Maritime des Chargeurs Reunis
A/S Det Ostasiatiske Kompagni
(The East Asiatic Co., Ltd.)
Ellerman & Bucknall Steamship Co., Ltd.
Glen Line, Ltd.
(Glen & Shire Joint Service)
Holland Oost-Azie Lijn.
Koninklijke Rotterdamsche Lloyd n.v.
N.V. Stoomvaart Maatschappij "Nederland"
Hamburg, Amerika Linie and Norddeutscher Lloyd
Lloyd Triestino, S.P.A.N.
Nippon Yusen Kaisha
Osaka Shosen Kaisha
Peninsular & Oriental Steam Navigation Co.
A/B Svenska Ostasiatiska Kompaniet
(Swedish East Asia Co., Ltd.)
Wilh. Wilhelmsen
A. P. Moller-Maersk Line vessels for Genoa

Jugoslavenska Linijska Providha from Hong Kong to Yugoslav, Albanian, and Rumanian ports, Trieste, Egypt, Syria, Lebanon, Israel, Cyprus, Aden, Djibouti, Assah, Port Sudan and Suez.

Hong Kong-Philippine Islands Freight Conference (Hong Kong to Manila)

Participating lines:

American Mail Line, Ltd.
American Pioneer Line
American President Lines, Ltd.
Australia West Pacific Line
Bank Line, Ltd.
Daido Kaiun Kaisha
De La Rama Lines
East Asiatic Co., Ltd.
Everett S.S. Corp., S/A
Isthmian Lines, Ltd.
Knutsen Line
Lloyd Triestino
Maersk Line
Messageries Maritimes
Mitsui Line
Nippon Yusen Kaisha
Osaka Shosen Kaisha
P. & O.S.N. Co.
Pacific Far East Line
Swedish East Asia Co., Ltd.
United Philippine Lines
Waterman SS Co.

Australian and New Zealand/Eastern Shipping Conference

Participating lines:

Butterfield & Swire (Hong Kong), Ltd.
Jardine, Matheson & Co., Ltd.
Dodwell & Co., Ltd.
W. R. Loxley & Co., Ltd.
The Hong Kong & Eastern Shipping Co., Ltd.
International Maritime Agencies, Ltd.
Mackinnon, Mackenzie & Co., of Hong Kong, Ltd.
Royal Inter-ocean Lines
Butterfield & Swire (Hong Kong), Ltd.
Barretto Shipping (Hong Kong), Ltd.

Japan/Persian Gulf/Japan Conference

Participating lines:

American President Lines, Ltd.
Barretto Shipping (Hong Kong), Ltd.
Dodwell & Co., Ltd.
The Hong Kong & Eastern Shipping Co., Ltd.
Everett Steamship Corp., S/A
Eastern Lloyd, Ltd.
International Maritime Agencies, Ltd.
Jehsen & Co.
Mackinnon, Mackenzie & Co., of Hong Kong, Ltd.

Hong Kong/Bangkok Freight Agreement

Participating lines:

Jardine, Matheson & Co., Ltd.
Dodwell & Co., Ltd.
The Hong Kong & Eastern Shipping Co., Ltd.
Barretto Shipping (H.K.), Ltd.
Thoresen & Co., Ltd.
Gilman & Co., Ltd.
The Eastern Lloyd, Ltd.
Everett S.S. Corp., S/A.
Royal Inter-ocean Lines
Jehsen & Co.
Butterfield & Swire (H.K.), Ltd.

Hong Kong, Macau/Indonesia, Rate Agreement

Participating lines:

Jehsen & Co.
Barretto Shipping (H.K.), Ltd.
Butterfield & Swire (H.K.), Ltd.

Hong Kong/West Africa Freight Conference

Participating lines:

Compagnie Maritime des Chargeurs Reunis
Gold Star Line, Ltd.
Kawasaki Kisen Kaisha Dampskihsselskabet of 1912, Aktieselskab Aktieselskabet Dampskihsselskabet Svendborg (A. P. Moller-Maersk Line) as one member of party only.
Mitsui Steamship Co., Ltd.
Osaka Shosen Kaisha
Royal Inter-ocean Lines

Far East/South Africa Shipping Conference

Participating lines:

Bank Line (China), Ltd.
Gold Star Line
Nippon Yusen Kaisha
Osaka Shosen Kaisha
Royal Inter-ocean Lines

Far East/East Africa Freight Conference

Participating lines:

Bank Line (China), Ltd.
Osaka Shosen Kaisha
Nippon Yusen Kaisha
Royal Inter-ocean Lines

Far East/River Plate Brazil Freight Conference

Participating lines:

Osaka Shosen Kaisha
Royal Inter-ocean Lines

Source: American Consulate General, Hong Kong.

U.S. DEPARTMENT OF COMMERCE FIELD OFFICES

ALBUQUERQUE, N. MEX., 87101
U.S. Courthouse

ANCHORAGE, ALASKA, 99501
Room 306
Loussac-Sogn Building

ATLANTA, GA., 30303
4th Fl., Home Savings Bldg.
75 Forsyth Street, NW.

BIRMINGHAM, ALA., 35203
Title Building
2030 Third Avenue North

BOSTON, MASS., 02110
Room 230
80 Federal Street

BUFFALO, N.Y., 14203
504 Federal Building
117 Ellicott Street

CHARLESTON, S.C., 29401
6 Broad Street

CHARLESTON, W. VA., 25301
3002 New Federal Office Building
500 Quarrier Street

CHEYENNE, WYO., 82001
207 Majestic Building
16th & Capitol Avenue

CHICAGO, ILL., 60606
Room 1302
226 West Jackson Boulevard

CINCINNATI, OHIO, 45202
8028 Federal Office Building
550 Main Street

CLEVELAND, OHIO, 44101
4th Floor
Federal Reserve Bank Building
East 6th Street & Superior Avenue

DALLAS, TEX., 75202
Room 1200
1114 Commerce Street

DENVER, COLO., 80202
142 New Custom House
19th & Stout Street

DES MOINES, IOWA, 50309
1216 Paramount Building
509 Grand Avenue

DETROIT, MICH., 48226
445 Federal Building

GREENSBORO, N.C., 27402
Room 407 U.S. Post Office Building

HARTFORD, CONN., 06103
18 Asylum Street

HONOLULU, HAWAII, 96813
202 International Savings Building
1022 Bethel Street

HOUSTON, TEX., 77002
5102 Federal Building
515 Rusk Avenue

JACKSONVILLE, FLA., 32202
512 Greenleaf Building
204 Laura Street

KANSAS CITY, MO., 64106
Room 2011, 911 Walnut Street

LOS ANGELES, CALIF., 90015
Room 450 Western Pacific Building
1031 South Broadway

MEMPHIS, TENN., 38103
345 Federal Office Building
167 North Main Street

MIAMI, FLA., 33132
408 Ainsley Building
14 Northeast First Avenue.

MILWAUKEE, WIS., 53203
1201 Straus Bldg.,
238 West Wisconsin Avenue

MINNEAPOLIS, MINN., 55401
Room 304 Federal Building
110 South Fourth Street

NEW ORLEANS, LA., 70130
1508 Masonic Temple Building
333 St. Charles Avenue

NEW YORK, N.Y., 10001
61st Fl. Empire State Building
350 Fifth Avenue

PHILADELPHIA, PA., 19107
Jefferson Building
1015 Chestnut Street

PHOENIX, ARIZ., 85025
New Federal Building
230 North First Avenue

PITTSBURGH, PA., 15222
1030 Park Building
355 Fifth Avenue

PORTLAND, OREG., 97204
217 Old U.S. Courthouse
520 Southwest Morrison Street

RENO, NEV., 89502
1479 Wells Avenue

RICHMOND, VA., 23240
2105 Federal Building
400 North 8th Street

ST. LOUIS, MO., 63103
2511 Federal Building
1520 Market Street

SALT LAKE CITY, UTAH, 84111
3235 Federal Building
125 South State Street

SAN FRANCISCO, CALIF., 94012
Room 9453
Federal Building
450 Golden Gate Avenue

SANTURCE, PUERTO RICO, 00907
Room 628
605 Condado Avenue

SAVANNAH, GA., 31402
235 U.S. Courthouse and
Post Office Building
125-29 Bull Street

SEATTLE, WASH., 98104
809 Federal Office Building
909 First Avenue

APPENDIX C

Commercial Laws, Procedures, Rates

MONETARY AREAS

The Scheduled Territories

(Formerly known as the Sterling Area)

The Scheduled Territories at present comprise the British Commonwealth (except Canada), the Irish Republic, British Trust Territories, British Protectorates and Protected States, Burma, Iceland, the Hashemite Kingdom of Jordan, Kuwait, Libya, South Africa and South West Africa, Western Samoa.

The former 'American Account' Area

The United States of America, any territory under the sovereignty of the United States of America, and Pacific Islands

The former 'American Account' Area—Continued

formerly under Japanese administration but now under United States administration.

Bolivia	Honduras, Republic of
Colombia	Liberia
Costa Rica	Mexico
Cuba	Nicaragua
Dominican Republic	Panama
Ecuador	Philippines
Guatemala	El Salvador
Haiti	Venezuela

SUMMARY OF IMPORT PRO

	TYPE OF LICENCE, PERMIT, ETC.	ISSUING OR VALIDATING AUTHORITY
Dutiable Commodities		
Hydrocarbon oils, i.e. petroleum products of all kinds:	Removal Permit	Dutiable Commodities Branch, Commerce and Industry Department
Alcoholic liquors		
Tobacco (raw or made up)		
Table waters		
Methyl alcohol		
Commodities regarded as dangerous to public health or safety		
Arms and ammunition	Arms Licence or Dealers Licence Import Licence	Licensing Office, Police Head- quarters Trade Licensing Branch, Com- merce and Industry Depart- ment
Dangerous goods	Permit	Fire Services and/or Marine Departments
Fireworks, petroleum, corrosive and many other sub- stances		Mines and/or Marine Depart- ments
Explosives	Permit	
Celluloid film scrap	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment
Dangerous drugs, e.g. opium, morphine, cocaine, codeine, barbitone, their derivatives, compounds, etc.	Various permits and licences	Medical and Health Depart- ment
Poisons	Various permits and licences For import, export, manufac- ture and wholesale dealing, a Wholesale Poisons Licence is required	Medical and Health Depart- ment
Antibiotics, i.e. penicillin and similar substances	Permit	Medical and Health Depart- ment
Vaccine lymph	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment
Shaving brushes manufactured in or exported from Japan	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment
Insecticides containing phosphorus and homologous and related compounds	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment
Plants or plant parts originating in the American tropics	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment
Acetic Anhydride	Import Licence	Trade Licensing Branch, Com- merce and Industry Depart- ment

NOTE: The information summarised above is correct as this publication goes to press, but legislation is pending, which may Department, Hong Kong.

CECURES AND DOCUMENTS

CONDITIONS FOR ISSUE	LEGISLATION	REMARKS
Import permits are issued only to licensed importers. If the import is for sale in the Colony, the importer must also be a licensed dealer in the commodity	Dutiable Commodities Ordinance, Cap. 109	Certain hydrocarbon oils are 'specified articles' and require an Import Licence in addition to a Permit Form 21 <i>Vide</i> 'Dangerous Goods'
Import of arms is allowed only in exceptional circumstances	Arms and Ammunition Ordinance, Cap. 238	Arms are defined to include fire-arms of any description, sporting guns, airguns, swords, daggers, etc.
Regulations are too complex and various to summarise	Dangerous Goods Ordinance, 1956	If goods are of strategic significance, an Import Licence is also required
Licence must have prior endorsement of Fire Services and Marine Departments	Import Control Order, 1947	<i>Vide</i> 'Dangerous Goods'
Regulations are too complex and various to summarise	Dangerous Drugs Ordinance, Cap. 134	Prospective importers are advised to consult the Medical and Health Department before initiating transactions
Must be bona fide agent, distributor or manufacturer	Pharmacy and Poisons Ordinance, Cap. 138	Advice on particular points should be sought in advance from the Medical and Health Department <i>Vide</i> 'Dangerous Goods'
Importers must be registered with Medical and Health Department	Penicillin Ordinance, 1948	—
Licence must have prior endorsement by Medical and Health Department	Importation of Vaccine Lymph (Prohibition) Order, 1936	Licence is normally granted if Medical and Health Department is satisfied that lymph is of proper strength, quality and purity
Licence must have prior endorsement by Medical and Health Department	Importation of Japanese Shaving Brushes (Prohibition) Order, 1932	Importation normally permitted if Medical and Health Department is satisfied that shaving brushes are free from anthrax infection
Licence must have prior endorsement by Agriculture and Forestry Department	Emergency (Agricultural Poisons) Regulations, 1955	<i>Vide</i> 'Dangerous Goods'
Licence must have prior endorsement by Agriculture and Forestry Department	Importation (Prohibition) (American Tropics) Order, 1949	—
—	Importation of Acetic Anhydride (Prohibition) Regulations, 1959	<i>Vide</i> 'Dangerous Goods'

alter the above requirements. For fuller details, reference may be made to the Trade Licensing Branch, Commerce and Industry

SUMMARY OF IMPORT PROCE

	TYPE OF LICENCE, PERMIT, ETC.	ISSUING OR VALIDATING AUTHORITY
Radioactive materials and irradiating apparatus of all types	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Commodities regarded as strategic i.e. certain goods in the following categories:		
Arms, ammunition and atomic energy materials; Petroleum products; Transportation materials; Metals; Minerals and their manufactures; Rubber and products; Chemicals; Chemical and petroleum plant equipment; Electrical equipment; Precision and scientific instruments; Various other machinery and accessories such as certain machine tools, and heavy duty presses	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Restricted commodities		
Automatic machines capable of being used for gaming purposes	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Sugar	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Rice, including white and glutinous rice (whole, partially broken and 100% broken), granulated rice, cargo rice, rice padi and loonzain, rice flour, rice bran, rice dust, animal feed containing rice, and manufactured rice products	Import Licence	Supplies Branch, Commerce and Industry Department
Frozen or chilled beef, mutton and pork (including veal, lamb, and all offals)	Import Licence	Supplies Branch Commerce and Industry Department
Firewood Coal, including anthracite and manufactured coal products	Import Licence	Supplies Branch, Commerce and Industry Department
Radio transmitting apparatus	Permit Import Licence	Telecommunications Authority, Telecommunications Division, General Post Office Trade Licensing Branch, Commerce and Industry Department
Gold, including gold bullion, gold coin, or articles made wholly or partly of gold	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Diamonds	Import Licence	Trade Licensing Branch, Commerce and Industry Department
Silver, including silver bullion, and silver coin containing more than 80% pure silver by weight	Import Licence	Trade Licensing Branch, Commerce and Industry Department

NOTE: The information summarised above is correct as this publication goes to press, but legislation is pending, which may Department, Hong Kong.

DURES AND DOCUMENTS—Continued

CONDITIONS FOR ISSUE	LEGISLATION	REMARKS
—	Importation (Prohibition) (Radiation) Regulations, 1959	Vide 'Dangerous Goods'
—	Importation (Prohibition) (Strategic Commodities) Regulations, 1959	For goods of higher strategic significance, storage in Government designated warehouses is required if imported for re-export to permitted destinations. For goods of lesser strategic significance, there are no restrictions on methods of storage, but export restrictions continue. Importers are advised to seek fuller information from the Trade Licensing Branch
—	Importation (Automatic Machines) Regulations, 1956	Import is severely restricted
—	Import Control Order, 1947	—
—	Importation and Exportation (Reserved Commodities) Regulation, 1954	Licences to import whole or broken rice are restricted quantitatively to firms registered as holders of reserve stocks. Licences to import rice flour, etc. are normally readily granted
—	Importation and Exportation (Reserved Commodities) Regulations, 1954	Licences are freely approved
—	Importation and Exportation (Reserved Commodities) Regulations, 1954	Licences are at present freely issued to registered importers
Permits are issued at the discretion of the Telecommunications Authority to persons not in possession of a Radio Dealers Unrestricted Licence, issued under the Telecommunications Regulations 1962	Telecommunications Ordinance, 1962 Importation (Prohibition) (Strategic Commodities) Regulations, 1959	—
Concurrence of the Exchange Control is necessary	Importation of Gold (Prohibition) Order, 1947	Import is usually prohibited, but small quantities of dental gold, and white gold for jewellers' use is permitted. Substances containing gold which is not easily or economically recoverable may also be permitted import
Prior endorsement by the Exchange Control is necessary	Import Control Order, 1947	If there are no Exchange Control objections, import licences are usually issued freely
—	Import Control Order, 1947	Importation of silver for local manufacture of jewellery is usually permitted

alter the above requirements. For fuller details, reference may be made to the Trade Licensing Branch, Commerce and Industry

SUMMARY OF IMPORT PROCEDURE

	TYPE OF LICENCE, PERMIT, ETC.	ISSUING OR VALIDATING AUTHORITY
Mexican dollars	Import Licence	Trade licensing Branch, Commerce and Industry Department
Goods originating in and consigned from Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, Poland, Roumania, U.S.S.R., Tangier Zone of Morocco	Import Licence	Trade Licensing Branch, Commerce and Industry Department

SUMMARY OF EXPORT PROCEDURE

	TYPE OF LICENCE, PERMIT, ETC.	ISSUING OR VALIDATING AUTHORITY
Dutiable commodities		
Hydrocarbon oils, i.e. petroleum products of all kinds	Export Permit	Dutiable Commodities Branch, Commerce and Industry Department
Alcoholic liquors		
Tobacco (raw or made up)		
Table Waters		
Methyl Alcohol		
Commodities regarded as dangerous to public health or safety		
Arms and ammunition	Removal Permit	Licensing Office, Police Headquarters
	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Dangerous goods	Removal Permit	Fire Services and/or Marine Departments
Fireworks, petroleum, corrosive and many other substances		
Explosives		Mines and/or Marine Departments
Dangerous drugs, e.g., opium, morphine, cocaine, codeine, barbitone, their derivatives, compounds, etc.	Export authorisation	Medical and Health Department
Poisons	Various permits and licenses For export, a Wholesale Poisons Licence is required	Medical and Health Department
Radioactive substances and irradiating apparatus	Export licence	Trade Licensing Branch, Commerce and Industry Department
Insecticides containing phosphorus and homologous and related compounds	Export Licence	Trade Licensing Branch, Commerce and Industry Department

NOTE: The information summarised above is correct as this publication goes to press, but legislation is pending, which may Department, Hong Kong.

URES AND DOCUMENTS—Continued

CONDITIONS FOR ISSUE	LEGISLATION	REMARKS
—	Importation of Mexican Dollars (Prohibition) Order, 1930	Import is normally approved
—	Import Control Order, 1947	Import is normally approved

PROCÉDURES AND DOCUMENTS

CONDITIONS FOR ISSUE	LEGISLATION	REMARKS
Export permits are freely issued, but for each consignment a landing certificate issued by the authorities at the port of destination must be produced within a reasonable time	Dutiable Commodities Ordinance, Cap. 109	Certain hydrocarbon oils are 'specified articles' and require an Export Licence in addition to a Dutiable Commodity Permit <i>Vide</i> 'Dangerous Goods'
—	Arms and Ammunition Ordinance, Cap. 238	Arms are defined to include firearms of any description, sporting guns, airguns, swords, daggers, etc.
Regulations are too complex and various to summarise	Dangerous Goods Ordinance, 1956	If goods are of strategic significance, an Export Licence is also required
Regulations are too complex and various to summarise	Dangerous Drugs Ordinance, Cap. 134	It is advisable to consult the Medical and Health Department before initiating any export transaction
Must be bona fide agent, distributor or manufacturer	Pharmacy and Poisons Ordinance, Cap. 138	Advice on particular points should be sought in advance from the Medical and Health Department <i>Vide</i> 'Dangerous Goods'
—	Radiation Ordinance, 1957	<i>Vide</i> 'Dangerous Goods'
Licence must have prior endorsement by Agriculture and Forestry Department	Emergency (Agricultural Poisons) Regulations, 1955	<i>Vide</i> 'Dangerous Goods'

alter the above requirements. For fuller details, reference may be made to the Trade Licensing Branch, Commerce and Industry

SUMMARY OF EXPORT PROCEEDINGS

	TYPE OF LICENCE, PERMIT, ETC.	ISSUING OR VALIDATING AUTHORITY
Commodities regarded as strategic i.e. certain goods in the following categories: Arms, ammunition and atomic energy materials; Petroleum products; Transportation materials; Metals; Minerals and their manufactures; Rubber and products; Chemicals; Chemical and petroleum plant equipment; Electrical equipment; Precision and scientific instruments; Various other machinery and accessories such as certain machine tools, and heavy duty presses	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Restricted commodities Rice, including white and glutinous rice (Whole, partly broken and 100% broken), granulated rice, cargo rice, rice padi and loonzain, rice flour, rice bran, rice dust, animal feed containing rice, and manufactured rice products	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Frozen or chilled beef, mutton and pork (including veal, lamb, and all offals)	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Coal, including anthracite and manufactured coal products Firewood	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Radio transmitting apparatus	Permit Export Licence	Telecommunications Authority, Telecommunications Division, General Post Office Trade Licensing Branch, Commerce and Industry Department
Sand	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Bottles and Carboys	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Borax, raw or granulated	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Gold, i.e. bullion, gold coin or articles made wholly or partly of gold	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Silver, i.e. (a) Silver coin minted in China (b) Any silver bullion, other than silver bars, the product of refineries outside Hong Kong and China	Export Licence	Trade Licensing Branch, Commerce and Industry Department
Manufactures wholly or mainly of cotton exported to the United Kingdom, except threads, sacks and bags, stockings and socks, tents, knitted clothing (including goods made up from knitted piecegoods), gloves and footwear	Export Licence	Textiles Branch, Commerce and Industry Department

NOTE: The information summarised above is correct as this publication goes to press, but legislation is pending, which may Department, Hong Kong.

DURES AND DOCUMENTS—Continued

CONDITIONS FOR ISSUE	LEGISLATION	REMARKS
—	Exportation (Prohibition) (Strategic Commodities) Regulations, 1959	Export Licences to approved destinations for goods of high strategic significance are approved only if it can be ensured that the goods will not be diverted to mainland China and Soviet bloc. Licences for export of goods of low strategic significance are normally approved. If in any doubt, exporters are advised to seek fuller information from the Trade Licensing Branch
Licence must have prior approval of Supplies Branch, Commerce and Industry Department	Importation and Exportation (Reserved Commodities) Regulations, 1954	—
Licence must have prior approval of Supplies Branch, Commerce and Industry Department	Importation and Exportation (Reserved Commodities) Regulations, 1954	—
Licence must have prior approval of Supplies Branch, Commerce and Industry Department	Importation and Exportation (Reserved Commodities) Regulations, 1954	—
Permits are issued at the discretion of the Telecommunications Authority to persons not in possession of a Radio Dealers Unrestricted Licence, issued under the Telecommunications Regulations 1962	Telecommunications Ordinance, 1962 Exportation (Prohibition) (Strategic Commodities) Regulations, 1959	—
Licence must have prior endorsement by the Government Stores Department	Exportation of Sand (Prohibition) Order, 1934	Export of sand is not normally permitted
—	Bottles and Carboys (Prohibition) Order, 1941	Licences to export are normally freely granted
—	Exportation (Prohibition) (Strategic Commodities) Regulations, 1959	—
Prior endorsement of licence by Exchange Control is required	Exportation of Gold (Prohibition) Order, 1947	Export is prohibited, but licences may be granted for articles of jewellery of gold content not more than 14-Carat
—	Exportation of Silver (Prohibition) Order, 1935	—
Application must be accompanied by Commonwealth Preference Form E120 (Sale) countersigned by a firm of approved accountants	Exportation of Cotton Manufactures (Prohibition) Regulations, 1962	Licences are granted against quota

alter the above requirements. For fuller details, reference may be made to the Trade Licensing Branch, Commerce and Industry

IMPORT DUTY RATES ¹

DUTIES ON LIQUORS

Duty shall be payable on liquors at the following rates per gallon—

PART I (EUROPEAN-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin \$</i>	<i>Common- wealth origin \$</i>	<i>Other origin \$</i>
Liqueurs, brandy, whisky, gin, rum, vodka and other spirituous liquors	65.00	65.00	73.00
Champagne and other sparkling wines	—	36.00	44.00
Still wines above 15% alcohol by volume	—	20.00	25.00
Still wines not more than 15% alcohol by volume	—	16.00	20.00
Still wines above 15% alcohol by volume imported in casks	—	10.00	15.00
Still wines not more than 15% alcohol by volume imported in casks	—	8.00	12.00
Cider and perry and other similar beverages	—	2.00	2.50
Beer, except cider and perry, not exceeding 1055° original gravity	1.60	1.80	2.20
and in addition for every degree by which the original gravity exceeds 1055°	0.04	0.04	0.05
Intoxicating liquors in this part above the strength of 22° under proof, for every degree above such strength in addition to the duties specified above	0.50	0.50	0.60

PART II (NON-EUROPEAN-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin \$</i>	<i>Common- wealth origin \$</i>	<i>Other origin \$</i>
Non-European-type wines	10.00	10.00	12.00
Non-European type spirits including Chinese-type spirits, sake, arrack	6.50	6.50	7.50
and in addition for every one percent by which the alcoholic strength by volume exceeds 30%	0.26	0.26	0.30

PART III (INDUSTRIAL-TYPE LIQUORS)

<i>Type of liquor</i>	<i>Hong Kong origin \$</i>	<i>Common- wealth origin \$</i>	<i>Other origin \$</i>
Ethyl alcohol, and admixtures containing ethyl alcohol	6.50	6.50	7.50
and in addition for every 1 percent by which the alcoholic strength by volume exceeds 30%	0.26	0.26	0.30

Provided that the director may assess the duty on intoxicating liquors not specified in part I or II, at the rate prescribed for liquor which in his opinion most nearly approximates to the liquor on which duty is to be assessed:

Provided also that the director may in his discretion assess the duty on any quantity of liquor of less than two gallons, imported at any time in one consignment, at \$50 per gallon.

DUTIES ON TOBACCO

Duty shall be payable on tobacco at the following rates per lb.—

A.—on UNMANUFACTURED TOBACCO—

(1) Unstripped tobacco containing—

(a) 10 percent or more of moisture by weight	
(i) tobacco of Commonwealth origin	\$5.45
(ii) other tobacco	5.75
(b) less than 10 percent of moisture by weight—	
(i) tobacco of Commonwealth origin	5.48
(ii) other tobacco	5.78

¹ Duty rates are in Hong Kong dollars; HK\$1=US\$0.175

A.—on UNMANUFACTURED TOBACCO—Continued

(2) Stripped tobacco containing—

(a) 10 percent or more of moisture by weight—

(i) tobacco of Commonwealth origin \$5. 60

(ii) other tobacco 5. 90

(b) less than 10 percent of moisture by weight—

(i) tobacco of Commonwealth origin 5. 75

(ii) other tobacco 6. 05

B.—on MANUFACTURED TOBACCO—

(1) Cigars—

(i) of Commonwealth origin and manufacture 6. 50

(ii) of Commonwealth manufacture only 7. 25

(iii) other cigars 9. 00

(2) Cigarettes—

(i) of Commonwealth origin and manufacture 6. 60

(ii) of Commonwealth manufacture only 7. 20

(iii) other cigarettes 8. 10

(3) Other manufactured tobacco including snuff and cigar cuttings—

(i) of Commonwealth origin and manufacture 5. 20

(ii) of Commonwealth manufacture only 5. 80

(iii) Chinese prepared tobacco 2. 50

(iv) other varieties 6. 70

DUTIES ON HYDROCARBON OILS

Duty shall be payable on hydrocarbon oils at the following rates per gallon—

(a) light oils—

(i) motor spirit \$1. 50

(ii) other light oils 0. 10

(b) heavy oils—

(i) diesel oil for public omnibuses owned and operated by China Motor Bus Company Limited and by the Kowloon

Motor Bus Company (1933) Limited, respectively 0. 50

(ii) diesel oil for other road vehicles 1. 00

(iii) other diesel oil and other heavy oils not specified above 0. 10

“motor spirit” means any light oil which has been rendered suitable for use as a fuel in any internal combustion engine by the addition of any compound or compounds of lead and any other light oil suitable and intended for use in any internal combustion engine.

DUTY ON TABLE WATERS

Duty shall be payable on table waters at 48 cents per gallon.

DUTY ON METHYL ALCOHOL

Duty shall be payable on methyl alcohol at the rate of \$7.50 per gallon and in addition, for every one per cent by which the strength of methyl alcohol by volume exceeds 25 percent, 30 cents per gallon.

¹ Duty rates are in Hong Kong dollars: HK\$1=US\$0.175

POSTAGE, TELEGRAM AND TELEPHONE RATES: HONG KONG TO UNITED STATES

[Hong Kong dollars: HK\$1=US\$0.175]

Postage Rates

Surface mail:

Letters.....	First ounce 40 cents; Each additional ounce 25 cents.
Printed papers.....	First 2 ounces 15 cents; Each additional 2 ounces 10 cents.
Commercial papers.....	First 8 ounces 40 cents; Each additional 2 ounces 10 cents.
Small packets.....	First 10 ounces 75 cents; Each additional 2 ounces 15 cents.
Samples.....	First 2 ounces 15 cents; Each additional 2 ounces 10 cents.
Parcels.....	Cbeck with Hong Kong Post Office.
Registration.....	40 cents.
Insured letters.....	50 cents for each HK\$300 of insured value.
Insured boxes.....	First 10 ounces HK\$1.50; each additional 2 ounces, 30 cents. Insurance fee (as for letters) and registration fee also payable.
Air parcel service.....	HK\$8.50 for each ½ pound. Maximum weight limit 22 pounds. Customs form 1A required.
Air mail letters.....	HK\$2.00 for each ½ ounce.

Telegrams.....	Ordinary rate: HK\$1.75 per word (minimum 7 words). Letter telegrams: Minimum charge (22 words) HK\$19.80; each additional word, 90 cents.
Radio Telephone.....	HK\$48 per minute (minimum 3 minutes); each additional minute HK\$16.
Telex Service.....	HK\$69 for initial 3 minutes; each additional minute HK\$23.
Phototelegrams (San Francisco).....	HK\$240 for 23¼ square inch or part. Each additional 15½ square inch or part HK\$120.

SPECIMEN INVITATIONS TO BID ON GOVERNMENT PROJECTS

G.N. 1378

PUBLIC WORKS DEPARTMENT

It is hereby notified that sealed tenders in duplicate are invited for the construction of the Plover Cove main and subsidiary dams, spillway & reservoir and Tai Mei Tuk pumping station.

Tenders must be clearly marked accordingly on the outside envelope which must not, however, disclose the name or address of the tenderer and must be delivered to the Secretary of the Tender Board, Colonial Secretariat, Central Government Offices, Lower Albert Road, Hong Kong before 12 noon on Friday, 1st November, 1963. Late tenders will not be accepted. The package, if sent by post, must be registered and if delivered by hand must be placed in the Tender Box situated in the lift lobby on the 6th floor of the Main Wing at the above address.

Tender documents and further particulars may be obtained from the offices of the Consulting Engineers for the Plover Cove Water Scheme in Hong Kong or London on deposit of a cheque for H.K.\$400 or £25 sterling, refundable only on receipt of a *bona fide* tender.

No tender will be considered unless the tenderer can show that he has previously executed successfully works of a similar nature and magnitude.

The Government does not bind itself to accept the lowest or any tender.

A. M. J. WRIGHT,
Director of Public Works.

13th July, 1963.

(Sect. FIN L/M F. 338/63)

It is hereby notified that sealed tenders in duplicate are invited for the construction of domestic low cost housing (Blocks 9-12) at Ngau Tau Kok (Area "B"), Kowloon.

Tenders must be clearly marked accordingly on the outside envelope, addressed to the Secretary, Tender Board, and placed in the Tender Box situated in the lift lobby on the 6th floor of the Colonial Secretariat, Central Government Offices (Main Wing), Lower Albert Road, Hong Kong, before 12 noon on Friday, 24th January, 1964. Late tenders will not be accepted.

Forms of tender and further particulars may be obtained from the Architectural Office, Public Works Department, Central Government Offices (Main Wing), 3rd floor, Lower Albert Road, Hong Kong.

Only contractors on the Public Works Department list of approved contractors in Group V for building works will be permitted to tender.

Contractors will be liable to have their names removed from the list of approved contractors if they fail or refuse to implement an accepted tender or having obtained forms of tender fail to submit a *bona fide* tender.

The Government does not bind itself to accept the lowest or any tender, and reserves the right to accept all or any part of any tender.

A. M. J. WRIGHT,
Director of Public Works.

20th December, 1963.

(Sect. BL L/M 595/63)

LIST OF SELECTED CONTRACTS AWARDED TO BIDDERS ON GOVERNMENT PROJECTS, OCTOBER 1963

<u>Date of Award</u>	<u>Particulars</u>	<u>Contractors</u>	<u>Amount (US\$)</u>
10/30/63	Supply of animal feed.....	Siu Fung Nin, 84 Connaught Road West..... Shing On Hong, 707 Des Voeux House, 7th Floor, Hong Kong.	11,437.00 561.00
		I.C.I. (China) Ltd., Union House.....	353.00
10/24/63	Site formation for Resettlement Housing at Yau Tong Bay Area "C", Stage II.	Wa Hing Construction Co., Ltd., 95 Tung Choi Street, Kowloon.	188,431.00
10/24/63	Construction of Low Cost Housing at Wong Tai Sin Area "C" East.	Goodman Co., 703 Grand Building.....	1,672,509.00
10/30/63	Construction of Resettlement Housing (Blocks D2-D7) at Tsz Wan Shan, Area D.	Wan Hin & Co., 224 Hennessy Road.....	1,122,396.00
10/24/63	Site formation at Kwai Chung North—"C" Contract.	Wing Lee Construction Co., 25/7 Yin Chong Street, Kowloon.	381,270.00
10/16/63	Construction of nullah in connexion with Yuen Long Flood Control Scheme, Stage II.	Chi Fuk Construction Co., 310 Nathan Road, Kowloon.	296,398.00
10/24/63	Site formation for Resettlement Department Staff Quarters at Tin Wan, Aberdeen.	Yee Lee & Co., 54 Ship Street, Wanchai.....	34,700.00
10/ 9/63	Piling to foundations for Resettlement Housing at Tsz Wan Shan, Section D.	Kee Yip Construction Co., Ltd., Kwong On Bank Building.	173,672.00
10/ 9/63	Prefabrication and delivery of steel framed drill shed.	Deacon & Co., Ltd., Hong Kong Bank Bldg...	21,872.00
10/16/63	Electrical installation at Yau Tong Resettlement Estate, Area B.	Au Chow Co., 83 Wellington Street.....	57,075.00

LIST OF SELECTED U.S.-ORIGIN PRODUCTS AUTHORIZED FOR RE-EXPORT FROM HONG KONG, NOVEMBER 1963

<i>Date</i>	<i>Item</i>	<i>Hong Kong exporter</i>	<i>Consignee</i>
Nov. 1	2 Carrier air conditioners.....	International Eng., Ltd.....	Czechoslovakian Legation Chittagong, Pakistan.
1	1 lot pharmaceutical products.....	Abbott Laboratories, Ltd.....	Nga Pui, Macao.
1	2 Carrier air conditioners.....	International Eng., Ltd.....	Mr. S. M. Murshed, Dacca.
5	1 Fedders air conditioner.....	H. W. Turning & Co., Ltd.....	Alliance (M) Eng. Co., Singapore.
5	1583 bags polyethylene.....	Dow Chemical Inter., Inc.....	Korea Plastic Prod. Corp., Seoul, S. Korea.
5	1 Chevrolet automobile.....	Far East Motors, Ltd.....	Economic Comm. for Asia & Far East, Bangkok.
5	1 Cadillac automobile.....	do.....	Pres. Sukarno, Indonesia.
6	4 GE air conditioners.....	Yee On Hong Co., Ltd.....	Austrian Legation, Djakarta.
7	2 Philco air conditioners.....	Gilman & Co., Ltd.....	Tan Ka Pua, Manila.
7	40,000 ft. 35 mm negative, 140,000 ft. 35 mm positive.	Kodak (Far East), Ltd.....	Indonesia Embassy, Manila.
7	40,000 ft. motion picture film, 35,000 ft. positive.	do.....	Filipinas Productions, Manila.
7	6 drums acid colors and dyes.....	Ciba (China), Ltd.....	Taipyungyang Marine and Land Prod. Co., Seoul.
7	3 c/s acetate rayon dyes.....	do.....	Hyosung Moolsan Co., Seoul.
7	5 drums chrome mordant colors and dyes 18 c/s direct colors and dyes.	do.....	Federation of Weavers & Dyers Co-operatives, Seoul.
7	8 c/s acid colors and dyes, 1 c/s acetate rayon dyes.	do.....	Dai Kwong Printing Co., Seoul.
7	8 drums acid colors and dyes.....	do.....	Chun Il Felt Hat Co., Seoul.
7	100 kgs acid colors and dyes, 100 kgs chrome mordant colors.	do.....	Dae Dong Woolen Spin., Seoul.
7	264 chrome mordant colors and dyes..	do.....	Do.
7	1,000 kgs direct colors and dyes.....	do.....	Federation of Weavers & Dyers Co-operatives, Seoul.
12	3 GE air conditioners.....	China Cold Storage.....	G.E. (M), Ltd., Kuala Lumpur.

APPENDIX D

Notes for Business Travelers

ENTRY FORMALITIES

All visitors to Hong Kong must hold a valid national passport and a visa obtained from a British consulate. The visa is valid for 90 days; but if the period of stay in Hong Kong exceeds 14 days, the visitor must also register with the director of immigration. American businessmen may wish to obtain a multientry visa from the Department of Immigration permitting any number of visits within 12 months from the date of issue. Through passengers by air making a stop-over of less than 48 hours and cruiseliner passengers continuing on the same ship do not need visas.

HEALTH REGULATIONS AND PRECAUTIONS

All persons arriving in Hong Kong must possess a valid International Certificate of Vaccination against smallpox, or submit to vaccination before being permitted to land. From time to time, inoculation certificates for other infectious diseases may also be required. In any event, however, Americans should strongly consider precautionary immunization against typhus and typhoid, cholera, malaria, diphtheria, and polio. In summer months, the incidence of gastrointestinal infections is higher; travelers are advised to take the usual precautions against eating raw foods, fruits, and uncooked vegetables. Tap water is usually safe to drink, but most Westerners prefer to have it boiled first, a practice followed by all the best hotels and restaurants. The colony has many well-qualified medical and dental practitioners and a fair number of specialists. Hospital facilities are good.

CUSTOMS REGULATIONS

Of the five dutiable commodities, only cigarettes, tobacco, and alcoholic items are likely to be brought in by visitors. Limited quantities for personal consumption are allowed duty-free entry. However, local shops have ample supplies of all such commodities at very reasonable prices so that there is no real advantage in bringing them along. Firearms, dangerous weapons, and ammunition must be declared immediately on arrival.

CURRENCY

There are no restrictions on the amount of foreign currency that can be brought into Hong Kong, but the import of gold coins and specie is prohibited, except under special license. The monetary unit is the Hong Kong dollar (HK\$), valued at approximately 1s. 3d. sterling or 17½ U.S. cents. U.S. currency and traveler's checks may be changed at any bank or licensed exchange shop and at most hotels.

HOTELS AND RESTAURANTS

Hong Kong has many excellent hotels that provide every convenience and comfort. Almost all have air-conditioned rooms with attached baths. Laundry and drycleaning service is available. Converters are provided for 110-volt electrical equipment. Rates per day average around \$10 for a single room, \$12 for a double, and \$25 for a suite (plus, in many cases, a 10 per cent service charge). American-style breakfasts are served, as are meals of any variety of food at lunch and dinner. In addition to hotel restaurants, the colony has several first-class European-style restaurants and, of course, some of the world's finest Chinese restaurants.

INTERNAL TRANSPORT

Taxis with meters are available on both the Hong Kong and Kowloon sides of the harbor. Minimum fares are HK\$1 for the first mile in Kowloon and HK\$1.50 on the island. Buses in Kowloon (HK\$.20) and streetcars on the island (HK\$.20) are also available. The Star Ferry provides efficient cross-harbor transport between the island and Kowloon for HK\$.20 per trip.

CLOTHING

In the summer, women ordinarily wear light cotton frocks and men tropical suits but shorts at play and on weekends. No special headgear is necessary, but an umbrella or light raincoat is useful. From October to April clothes of a weight usually worn in the autumn in the United States are necessary with, possibly, a light overcoat for evenings and sudden cold spells. Suitable evening wear will be necessary for social occasions.

APPENDIX E

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